





The Jerusalem Post  
April 26, 1955

## AT THE CINEMA

## Ogimura Loses Title

Notices  
to  
the  
Public

there been any proof of who, or to what extent, they had interested. Nor could he

there been any proof of whether or not to what extent, they had been inconsistent. The majority of the judges, with Judge Asstia's concurrence, of Section 214 (a) is it and been the clear intention of the legislator to punish in particular anyone who caused the death of any person in the course of carrying out his or her duties. It was never the intention that the cause of death should be the wilful perpetration of an additional offence.

In order to arrive at the correct interpretation of section 214 (a) the court has to consider the various legal judgments. Justice O'Brien thought it desirable to survey, in brief, the principles laid down in English precedents dealing with the fatal consequences of a person. From these precedents it

...a person who willfully sets fire to any premises, or commits any other offense in circumstances which any reasonable man would have foreseen could contain the elements of danger to human life, and thus causes the death of another person, is guilty of murder and not of manslaughter. The justice emphasized that, in his opinion, there is a basic dif-

ference between arson and any other offense, since in the former case the offender loses all control over the consequences of his actions once the fire has started spreading; every reasonable man must know that a fire caused, for example, by the ignition of large quantities of petrol, is

very likely to cause a great deal more damage than that intended by him. Anyone who sets a dwelling-place alight and makes no attempt to prevent the flames from spreading must be considered to have acted with premeditation and cannot excuse himself on the grounds that he

did not foresee the consequences of his actions.

**"Willful" Action and Premeditation**

Turning to the principles laid down in the Israel judicature, with special reference to the Jakubowsky case (Cr.A. 125/50,

that Israel courts required a lesser degree of *mens rea* in order to prove that the death of any person had been wilfully caused according to section 214 (e) than they require in order to prove that death had been caused with premeditation according to sec-

tion 234 (b). In the former case, all that it was necessary to prove was that the person who has caused the death must of necessity have foreseen the possibility of his action's producing disastrous consequences and nevertheless pursued his course unswervingly, indifferent to the consequences. *ibid.*

In applying these principles to the case under consideration, Justice Goffin held that it was sufficient for the prosecution to have proved that the house which was set on fire was a dwelling-place, that the appellants must have known this and that a reasonable person

They must have foreseen that it was likely to be occupied in the early hours of the morning, by sleeping people who would be in danger from the flames. If, nevertheless, they had set the house on fire, then the only conclusion to be drawn was that

They did not care whether anyone was killed or not and they could therefore not evade responsibility for the consequences of their actions. The minority judgment of Judge Gubernik should be accepted and the appellants found guilty of murder.

The counter-appeal of the Attorney General was rejected.

the appellants sentenced to life imprisonment, with a recommendation that if ever the opportunity arose to review the sentences, the authorities concerned should take account of the fact that the appellants had had no deep feelings of hostility

— TEL AVIV —  
★ **Brains Trust:** —  
Mrs. John Nicholas, Mrs. Robert

★ Lectures: -  
"Advantages and Disadvantages  
of Two Legislative Chambers."  
Professor Van den Bergh, Lec-  
turer in Public Law, University  
of Amsterdam, guest of Tel Aviv  
School of Law and Economics.

9.30 p.m. "Shevah" Building,  
Rehe: Hamaaser.  
★ Theatre: -  
Cameri Theatre. "The Misv."  
Morabi Hall, 8 p.m.  
Cameri Theatre. "As You Like  
it," Cameri Theatre Hall, 8 p.m.  
Mahimah. "King Lear," Mahi-  
mah Theatre, 8 p.m.  
★ Exhibitions:-

1) Ayns & Sam Bucks Collectio  
of 20th Century French Art.  
2) Paintings by Sri Rho.  
3) Paper cut-outs by "Gina".  
Museum, 10 a.m.-4 p.m.  
**HAIFA**  
★ Exhibition:  
Haifa Artists' Municipal Museum  
Town Hall 10-1, 4-7.  
Wednesday, Nov. 22, 1972

by Art Gallery, opp. Main H  
 Tel. 10-1 4-4  
**HERNIA**  
 ★ **Entertainment:**  
 Tropic Bar Nightly Dance Mus  
 Roulette Casino, Tel. 26112  
**ASHKELOH**  
 ★ **Exhibitions:**  
 Wall Paintings in Roman Tom  
 12-4-4

12 P.M.-4 P.M.  
**PETAN TIKVA**  
 ★ Theatre:-  
 Habsham. "The Tea House"  
 the Asian Moon." 8 p.m.  
**NATANYA**  
 ★ Theatre:-  
 Dugan and Shumacher in "Lack  
 Greatheart." Hasharon. Second  
 and last time 8.30 p.m.

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per day for full board plus  
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**AUSTRIA, HUNGARY  
DRAW IN VIENNA**

VIENNA, Monday (Reuter).  
Twice Hungary led out and  
twice Austria levelled the score  
in a 2-2 draw in the first

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to hold a practice match on the  
Y.M.C.A. ground on Friday night  
at 8 p.m. All interested are  
requested to contact the Secretary  
there.

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Containing: 2 Pillboxes, 1 Schindler  
Electric razor, cigarette case with  
lighter, etc.  
Finder please return to "The  
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| Tel Aviv—North | leaves | —    |
| Tel Aviv—      |        |      |
| Azmitz         | "      | 0840 |
| Be'er          | "      | 0843 |
| Haifa          | "      | 0711 |

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| Elmer Watkins | -    | 0724 |
| Harvey West   | -    | 0725 |
| Benjamin      | -    | 0726 |
| Elkron Yacov  | -    | 0727 |
| Doc (Tennant) | -    | 0728 |
| Howe Van      | -    | 0729 |
| AShill        | -    | 0730 |
| Haile Conite  | 0731 | 0732 |

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**From Journals**

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| Jacobson | 0733 |
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| Harry           | "       | 0 |
| Russie          | "       | 0 |
| Lydia           | "       | 0 |
| Tel Aviv Centre | arrives | 0 |

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ing to the Regular Timetable.

**PASSENGER TRAINS WILL  
REGULAR TIME-TABLE**

20.000 metres of approximately ribbon  
500 neckties of artificial silk  
**TENDEN No. 1/5 EXPORT**  
5 boxes of metal electrodes, and  
20000. 947 Kp.  
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20.000 gross mother-of-pearl buttons  
tons, made in Japan  
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21.000 Lipetika, 1492. "Flamé

b) The offer must be accompanied by a bank draft or guarantee payable to the order of the Director of Customs and Excise and valid until July 1, 1963. The draft, respectively guarantee must amount to 10% of the offered price in Israeli Pounds, at the exchange rate of IL1.900

second envelope, addressed to the Maine Customs Collector, must reach the addressee no later than 11 noon of Mar 2, 1903.

4) The successful bidder must be in touch with the Director of Customs and Revenue for the drawing-up of a contract that will stipulate all details concerning the work.

a) The Director of Customs does not bind himself to accept the highest offer or any offer whatsoever.

b) Interested parties can apply to the Sales Department of the Custom House on May 13, 1955, between 8 a.m. and 1 p.m. for the purpose of additional information.

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# PRODUCTIVITY: ISRAEL'S SECOND FRONT

By a Special Correspondent

THROUGHOUT the world, productivity in industry is usually measured in terms of output per worker — is now regarded as the best indicator of economic growth.

In Israel, productivity means much more. Here, it is a central front in the struggle for national survival — second only to the defense of the borders. Successful performance on this front is the key to the expansion of exports and the replacement of imports. It is the basic method of doing more with less — of saving resources to support our living standards through our own efforts. It is the best method of developing our human resources to compensate for our deficiencies in natural resources. It is the essential step for building an economic base for a larger volume of immigration.

## Principles Proved

During the recent past, major victories on this front have convinced the sceptics and disproved the false prophets. They have also illustrated three basic principles concerning productivity in Israel.

There have been many sceptics who argued that in a small country with meagre physical resources, productivity could creep forward only by very small steps. They argued that in a few years it would not even be possible for Israel to understand the meaning of productivity. They pointed to the annual average increase of about 3-5 per cent a year in the United States — and maintained that the rate of progress in Israel must be still slower.

But today, according to observers from the International Labour Office, Israel has made outstanding progress in understanding the nature of productivity. It is the fruit not of more sweat and strain but of more knowledge and teamwork.

Some of the results of this teamwork have already been felt. In factories where workers received individual Kipnas prizes in 1952, various departments increased output per worker by percentages ranging as follows:

Handgun-rubber products 25-75  
Dish-cup-cups 25-75  
Dish-cup-cups 25-75  
Solid-Rubber, Ramon Gas 25-75  
Building material 25-75  
Hosiery 25-75

Among the factors responsible for these achievements were methods — improvement and management training programmes, joint consultation schemes, payment by results, more standardization and better product design.

In orange picking, productivity has been raised mainly due to methods improvement, special foremen training and better teamwork.

Still more important, there has been marked progress in industry as a whole. The most conservative estimates indicate that between 1952 and 1954 there was an increase of about 20 per cent in the physical volume of industrial production. Yet the volume of industrial employment increased by less than 10 per cent.

This can mean only one thing: that there was in the last year an average of about 10 per cent in industrial productivity. Part of this increase, naturally, resulted from a larger supply of raw materials and fuel oil of previously imported machinery.

These facts illustrate the principle that a young industrial economy, like a young infant, can make — and in fact must make — major progress during its early years.

**High Level Employment**  
In previous years, we heard many false prophets who argued that progress and productivity would be impossible unless we had more unemployment to serve as a whip over the heads of workers.

But in 1954, while productivity went up, unemployment went down in general. These trends were connected by two strong links. Link Number One: greater efficiency in production was helped in expanding markets — particularly through the replacement of imports and the expansion of exports. Reductions in employment in single factories, resulting from increased productivity have usually been temporary — and have been followed by expanded production and employment. Link Number Two: workers had more confidence in productivity programmes when they saw that the level of employment was rising instead of falling.

These facts document the principle that rising productivity and a rising level of employment are partners in the process of sound economic growth.

**Immigrants Highly Productive**  
We have all heard casual statements that the new immigrants from the more backward Eastern countries could not be highly productive workers in this generation. But the facts disprove this sceptical attitude. A special survey prepared by UNR-ECO by Professor Ben-Zion of the Hebrew University reports factory managers as stating that after the initial period of adjustment, the Eastern immigrants have performed as productively as any other workers.

In the Yuzv Gad cement pipe factory, Yemitsu newcomers have been trained to do excellent welding. At the Ramle cement factory, manned almost entirely by immigrants from Bulgaria, Morocco, Turkey and Rumania, the production per worker (with more modern equipment) has far exceeded the level of the Hifa Nasser factory. It is particularly significant that inexperienced people learned to master the use of the most modern processes and machinery.

The Alliance Factory in Hadera and the General Tire factory in Petah Tikva, employing newcomers from Poland, Rumania, Tunisia, Iraq and the Yemen, claim to have reached approximately the level of productivity of their parent factories in the United States.

These facts illustrate the principle that the deep-seated drive for self-improvement and for full participation in the new life of Israel on the part of the immigrant from less developed countries can be one of the major dynamic factors in Israel's economic progress.

**Promoting Productivity**  
The progress that has been made is not the result of the laissez-faire or of speeches. Rather, it has come about because of official policies, special organizational activity and special incentives.

Among the general economic policies which have promoted rising productivity are the following:

- the "new economic policy," with more stability in prices and a shift from a "seller's market" to a "buyer's market";
- large-scale investments in modern machinery and equipment and in development of land, water and mineral resources;
- long-term investments in "social overhead," particularly in education, vocational training, health, and housing; and
- a larger supply of raw materials, both foreign and domestic, to allow steady production at a higher level of capacity.

**Special Organizations**  
Organizational activity has moved in three directions. First, labour management production councils in industry plants and branches of production. By the end of 1954, production councils were in operation in about 125 individual enterprises employing a some 20,000 workers. There are also special national production councils for the building, diamond and orange picking industries. For the kibbutz movement as a whole and the civilian military employees. There is also a joint central committee for the production councils in manufacturing industries. Second, the special productivity departments established by the Histadrut as early as 1949 and by the Manufacturers Association in 1953. Each of these departments is staffed by capable technicians and has already made a significant contribution to the development of practical action by workers and management.

Third, the Israel Institute of Productivity. This represents a joint effort by the Ministries of

Labour and Trade and Industry, the Histadrut, the Manufacturers Association, and the Association of Engineers and Architects. It has provided the central leadership for the productivity drive. It has operated through the promotion of coordinated activities by labour, management, and government; pilot projects for methods improvement; the use of foreign technicians from U.S. and Point Four; special publications, etc.

## Special Incentives

Thirty, there are now 60,000 workers with some form of wages related to performance (norms and premiums, piece rates, etc.). This includes about 20,000 in industry, 20,000 in agriculture (mainly seasonal work), 10,000 in building, 2,000 in handicrafts, and the remainder in miscellaneous categories. To promote these plans, the additional income earned through productivity output has been given a special flat reduced rate of income tax.

Both the Minister of Labour and the Histadrut have created a special fund for awarding outstanding workers. Such prizes have been awarded during the

past two years to workers who have made an outstanding contribution to increasing productivity.

## Path Ahead

But victory in preliminary skirmishes, and even in a few battles, does not win a war. The big struggle still lies ahead. Our objective for the next six to eight years must be at least a 50 per cent increase in average output per worker.

The strategy that has been initiated in the past is with many variations in tactics, still applicable to the future. We must greatly expand our investments in productive facilities and in human skills. We must strengthen our special organizations — particularly the Israel Institute of Production Councils. We must spread the use of special incentives. We must give special emphasis to management training, human relations, quality control, and methods of keeping up with technology.

Above all, we must achieve a new degree of cooperation at all levels between the three great allies — labour, management and government — in the struggle for still more substantial progress on the productivity front.

# Citrus Will Hold Its Own Abroad

By MENDES H. SACHS

General Manager, Mohadim Ltd.

SEVERAL years of fairly constant arguments and disputes between the industry and the Government were required before a basic understanding was finally reached in the autumn of 1953. The growers have always maintained that despite all their troubles between 1936 and 1948, the citrus industry was the most important in the country and the one that would continue to supply Israel with the greater part of her net income from export. This argument has finally been accepted not only by the Government, but also by everyone who makes a serious study of the economic position of the country. Although the better groves have yielded profits since the end of the World War II, it was only after the Treasury had accepted the principle that the citrus industry was entitled to receive the official rate of exchange that the average grove became a profitable investment.

**Crops and Markets**  
The 1953/54 season was a successful one in every respect. The Government agreed to pay the foreign exchange price for the fruit at the official rate, which was exceptionally large; and prices received abroad, partly as a result of a frost in Spain, were quite satisfactory. More than eight million cases of fruit were exported, and the total crop was about 11½ million cases.

During the season of 1954/55 which is now ending, the crop was very much smaller because of climatic and physiological factors, but as a result of exceptionally favourable weather, the percentage of culls has been lower than normal and the quality of the fruit is better. This season, prices were even better than last, and the total net income of foreign exchange will probably be about 10 per cent above that of 1953/54.

As a result of these two good years, and concomitant with the deterioration of the market for other agricultural crops in this country, it is not surprising that there should be a tendency towards excessive optimism about citrus. In contrast with the negative but equally unjustified attitude of previous years, the writer has been maintaining for more than 20 years that the citrus industry is the soundest business in this country; and he is still of this opinion. The quality and reputation of our fruit are excellent and climatic conditions for its production are almost ideal. The exceptionally high yields and the low cost of production are counterbalanced by high labour costs. Consumption of citrus fruit is increasing in Europe, and there is good reason for expecting it to go on increasing as European prosperity continues. It seems likely that we can also, if necessary, develop markets in other continents as well.

**Plantation Plans**  
The fact remains, however, that despite some improvement in labour productivity during the past few years, our labour costs continue to be very much higher than those of competing countries. So long as our crops are comparatively small, we are able to produce at a competitive quality of our fruit, to obtain a premium in the markets; but if these crops increase too rapidly, together with a protective very large increase in Spanish and North African production, trouble may result.

About 120,000 dunams are yielding at present. There is every reason to believe that it would be economically to export the yield of double this area (we exported over 10m. cases in 1953/54, before most of the Arab groves were abandoned), provided new planting is extended over a period long enough to avoid very sudden large increases and to permit the gradual development of the markets. The present attitude of the Government seems to be to encourage at all costs the planting of large areas within a very short period; and this involves the investment by Government and Jewish Agency of large sums which would otherwise be supplied by private capital, though it would take longer. About 25,000 dunams of new groves have already been planted, and it is expected that at least 50,000 dunams will be planted this year. It seems unlikely that there will be any significant increase in shipments during the next five or six years, particularly as a part of the present bearing area will be

gradually going out of production because of senility. If, however, too much is planted during the next two or three years, the markets for our fruit may be developed with sufficient rapidity in the years following 1960 to absorb the increased shipments at good prices.

The attitude of the Government seems to be that we have no equally satisfactory way of giving productive employment to our labour or of earning foreign exchange but it will be most unfortunate if a sound industry like citrus will, as in the case of our other export industries, be brought to the point of requiring subsidization in order to subsist.

**Prospects and Rationalization**  
At the present time it looks as though the 1955/56 crop will again be a large one, perhaps even larger than in 1953/54. But despite the anticipated return of the Spanish crop to normal, it should be possible to market our fruit satisfactorily at good prices, even though there must inevitably be a reduction in prices as compared with those received during the present season.

The industry has overcome its most serious weakness of previous years and is able to get the fruit to the market with a very small percentage of decay. At the moment, the principal problems are connected with the control of insect pests, which have increased during the past two years, and in the centralization and mechanization of the packing process. At the present rate of development, it is expected that the whole packing process will be centralized within two or three years, and there should be a marked improvement in the quality and uniformity of our standards.

By HANS MOLLER

Manager, Director, ATA Textile Company

AN enterprise which gives a satisfactory return on the capital invested must not necessarily be a national asset. It can pay for its own cost and for the community as a whole. The two are not always the same: the one is a precondition, the other an aim of development.

A country like ours which is to house a dense population and to afford it a high standard of living, cannot be self-sufficient. It will always have to cover a substantial part of its requirements by import. Import must be paid by export if foreign support is to be maintained. The present gap between import and export must be closed, production for the home market as well as for export is essential. The usefulness of an undertaking can be measured by the amount — relative to investment — and the price at which foreign currency is either earned or saved.

The export of cotton goods is so far the best source for its increase is generally realized,

more than that for removing its difficulties. The local supply of cotton goods is comparatively small, the quality is, however, rarely raised whether, beyond quantity, the conditions and particularly the price at which this supply is obtained are also satisfactory. Yet, this is an important question, because the closing of the gap in our trade balance involves not only more, but also cheaper production.

The price at which foreign currency is saved by local production must be lower than that at which it is earned by export. In respect of cotton fabric, for instance, export proceeds are reduced by about 15 per cent owing to transport, packing, agents' commission and other expenses. This amounts to roughly 35 per cent of the revenue added value. Since import currency would have to be earned by export if not saved by local production, the rate at which the added value is recovered, less 35 per cent, will determine the limit of cost allowed to be charged to the consumer.

**Labour Cost and Price Level**  
The price level in export depends upon the cheapest competitor, not upon an average of prices. Local cost of production will have to be called high, if it is higher than in the cheapest competing country. This, in respect of the export of cotton goods at present, is Holland. A comparison of the cost of production shows that the main cost, namely that of labour, including social contributions, which in per cent of the take-home pay are roughly the same, is in Holland less than 60 per cent of what it is here. This applies to the cost of labour per working hour, not to the cost of the piece of cloth, therefore, reflect differences in efficiency of production, which certainly are not in our favour either. The cost of labour cost of comparative labour cost implies that, in exporting textiles, we cannot recover more than 33 cts. per Israeli Pound spent on production instead of 55 cts. which would correspond to the official exchange rate of IL1.800. In fact, as experience shows, the price per dollar earned is not IL1.8, but roughly IL1.800.

Local production for local consumption should accordingly save foreign currency at a cost per dollar not higher than IL1.800 divided by 135 per cent, which is IL1.296. It must be stated that the actual rate is frequently much higher.

The need, however, for cheaper production, and for a lowering of the rates at which foreign currency is earned and saved, is obvious. Only in this way can the real value of the Israeli official exchange rate be brought closer to its official exchange rate. The opposite adjustment would lead to renewed inflation and ultimate catastrophe.

The present situation is still typified by the absence of any downward trend. Prices are either maintained or are going up. Little is being done to improve efficiency. Employers and employees continue to share the fallacious belief that a seller's market.

**Importance of Competition**  
How can this situation be changed? In the past, controls have proved to be ineffective. More recently, the practically unrestricted availability of almost everything has also failed to bring prices down. The same applies to the restriction of credits which, on the contrary, by the high cost of money, the only thing which has not yet been tried is competition.

Competition is non-existent

Such a subsidy would not be wasted money. It would yield more than it costs. The exporting undertakings of the country are the larger and more efficient ones, would be able to apply it to a reduction of their local prices and thereby to force down prices generally. They will do so, if they are allowed to increase their share in local supplies in proportion to their increased exports.

Secondly, therefore, import allocations must gradually be made contingent upon individual export. Thirdly, the total allocation of material and goods should, whenever possible, be somewhat in excess of demand, in order to keep competition alive. Fourthly, every reasonable assistance must be given to undertakings wanting to expand.

for industrial development, should know that their implementation will anyway depend upon others, and that such plans are good only if it is known, when assistance is claimed, where it is safe to grant it, and where not.

A concluding remark should be made on the question whether competition will actually come about if export is made possible by subsidies, and after all the previously mentioned conditions have been fulfilled. The possibility cannot be excluded that the same will happen as happens now, namely that supply is being kept short of demand and prices unduly high. But this possibility is no probability, as competition, by its very nature, can be created by one among many, provided he is allowed to do it.



Scene in a new cotton gin at Beit Shimon

because it is not wanted. Most of the undertakings are small, too small for having any chance of an expansion which would afford them savings in excess of the loss by reduced prices. It pays better not to expand and to maintain high prices, be it even at the expense of regular occupation.

There is no redundancy of production, but no room either for substantial expansion, if only local requirements are considered. Still, expansion, if not substance, is the aim which creates competition. Even if it were not a doubtful proposition to aim at a larger share in the local market by underselling others, the absence of any certainty that regular allocations of imported material will result in a proper utilization of new assets, makes such expansion unattractive.

Therefore, only export can be the purpose, which reasonably justifies expansion. But as there will be no expansion without export, there will also be no export without expansion, because without expansion there will be no competition, and without competition no lowering of the cost of production.

**Export Finance**  
The first thing to do is somehow to make export possible, even under present conditions, by reducing export losses. The demand for export subsidies is certainly justified, at least to the extent of a compensation for that part of the losses which are not the responsibility of the individual exporter but the result of the discrepancy between the relative cost of labour and the rate of exchange.

As against the export rate of IL1.800 applying to textiles, the relative cost of labour corresponds to a rate of only IL1.300 per dollar as already explained. Accordingly, the subsidy would at present have to amount to IL1.500 per dollar of recovered added value.

Such a subsidy would not be wasted money. It would yield more than it costs. The exporting undertakings of the country are the larger and more efficient ones, would be able to apply it to a reduction of their local prices and thereby to force down prices generally. They will do so, if they are allowed to increase their share in local supplies in proportion to their increased exports.

Secondly, therefore, import allocations must gradually be made contingent upon individual export. Thirdly, the total allocation of material and goods should, whenever possible, be somewhat in excess of demand, in order to keep competition alive. Fourthly, every reasonable assistance must be given to undertakings wanting to expand.

provided that they are prepared to cover their additional import requirements by their own export.

Such assistance will primarily be financial. It involves long-term loans at favourable conditions for investment as well as for working capital. If any industry capable of efficient production shall come into being, very large amounts of money will be required by existing undertakings or by promoters of new ones. The Government as the lender, while giving enough for meeting the purpose, must be careful not to become involved in risks which should be borne by the entrepreneur. This risk must be made real in order to prevent technically or commercially unsound investments. Since Government's main security will consist of the newly acquired assets, the right to take them over will not mean too much if the investment is a failure.

**Role of Government**  
Here it should also be mentioned that Government's part is limited to assistance and control. No Government can hope to successfully develop or run industries itself. Processing industries, at least, are the realm of private enterprise. A cotton plant, for instance, will be developed if conditions permit, provided that there is somebody who wants to develop it, who knows what he wants to achieve and how to do it. This is particularly true in respect of export, in a gradually industrialized world, the import of goods like textiles is continuously shrinking and limited to what is a wider or narrower sense than called specialties. There will accordingly, be no successful export but that of specialties and if they are produced economically, special set-up of the exporting undertaking, technically and otherwise, is also required.

Government, when making plans for industrial development, should know that their implementation will anyway depend upon others, and that such plans are good only if it is known, when assistance is claimed, where it is safe to grant it, and where not.

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By ELIEZER LIVNEH, M.E.

THE question: Is Israel progressing in the economic field, immediately implies another: In relation to what period is this progress to be measured? We shall confine ourselves in this article to the past two or three years, namely since the launching of the New Economic Policy, and for purposes of comparison we shall refer to the first four years of Israel's statehood, and also when the occasion serves, to the concluding years of the Mandate.

In recent years, we have registered three major economic achievements: The first and most important of them all is the growth in the agricultural population. I prefer the term agricultural population, for not all of those living in the villages actually engage in agriculture, though in the course of the next three or four years they may become farmers and raise enough to support themselves.

This is far more than an economic achievement. There are few methods capable of curing Jews of the social life from which they suffer, as efficacious as independent work on the land, in constant contact with living and growing things. Agricultural planning and research have also made very substantial progress in these years. Today we know that some 35,000 to 35,000 families can be settled on the land partly owing to new crops such as cotton and groundnuts. The success of new

settlements is, of course, largely dependent upon development of the national water economy.

The second economic achievement is the general rise in production levels and per capita output. Israel is producing more foodstuffs and more manufactured goods today than she did in 1947/48. In 1951, most of the new immigrants did not produce anything at all. Some of them were employed in public works of doubtful value, and at best their production levels were extremely low. Since then, tens of thousands of newcomers have been transferred to more productive occupations in town and country.

The results are conspicuous in agricultural production, both for domestic consumption and for export (citrus for example). The Israeli today produces more on the average than he did in the Mandatory period, or for that matter in the early years of the State.

Obviously, the majority of the new immigrants have not yet achieved the material success of the Yishuv in 1948 or 1949. If we were required to support ourselves solely by our own efforts, and the produce of our national economy, the general standard of living today would be far lower than it was in 1948. However, it is gratifying to note that average production has risen since the early years of the State.

**Advance in Many Fields**

Thirty years have also been a striking advance in various fields of distribution and services. Retail trade is once again fulfilling its normal function in the economy. Most of the control and rationing measures have been done away with insofar as ordinary domestic commodities are concerned. The choice of goods available is more extensive, while their quality has risen. The complaints frequently made regarding the adulteration of foodstuffs and raw materials do not disprove this statement. On the contrary, in 1951 and 1952, the situation in this respect was far worse, but in those years little attention was

paid to quality, while now the purchasing public has become more discriminating.

Further proof of economic progress is provided by a more objective source—the national balance of trade. The excess of imports (visible and invisible) over exports is still large, but in the course of 1952, it narrowed rather more than in the previous year. In 1953, we needed capital imports (mainly of a philanthropic and political character) of an order of \$362m. to cover our adverse trade balance. In 1954 \$248m. were sufficient for this purpose. These figures prove both the progress made and its very modest dimensions. We are still receiving, without making any return, a quarter of a billion dollars annually. Computed at two Israeli Pounds to the dollar, this adds up to IL500m., or practically IL500 for every Jewish man, woman and child in Israel.

**Distribution of Labour**

LET us now analyse the factors that may hamper further progress and at the same time assess the stability of what has already been achieved.

First, including the appreciable decrease in production costs. Throughout the national economy, production costs are still high. This can have only one meaning—a low standard of living. If we shall have to support ourselves by our own efforts, and difficulty in competing on world markets. Production costs are not necessarily lowered through a reduction in the wage bill, but by higher productivity of the worker in relation to his wages, and by increasing the percentage of the labour force employed in productive occupations with a corresponding decrease in the services. In neither of these two fields have we made any substantial advance. The occupational structure of our labour force and the proportion employed in the productive and service sectors respectively are still discouraging, to say the least.

What is the proportion of those engaged in the productive occupations? Obviously, no single standard can be determined in this sphere equally applicable to all countries. In economies where the per capita output is high, as in the United States, a high proportion of workers is permissible in the services. The reverse is true in the case of a low per capita output. Our own situation is unsatisfactory in this respect and there does not seem to be any sign of improvement.

In his budget speech, the Minister of Finance stated that only 35 per cent of the Jewish labour force is engaged in production (including experimental production). The remaining 65 per cent is occupied in a wide range of services. An analysis of the categories of national income supports this statement. In 1954, only one-third of the national income was earned by persons in agriculture and industry. Comparison with the figures for 1953 does not show any improvement in this distribution of the national income.

**Example of France**

To underline the gravity of this situation, let us use some comparative statistics. Among the latest available relevant figures for the productive and service branches of the economy are 60 per cent and 40 per cent respectively, practically the reverse of the proportion within the Jewish sector. Comparison with the French economy is rather more instructive. For in France, average productivity is not lower than in Israel, and we cannot, accordingly, permit ourselves a higher percentage of the working population engaged in services.

According to the Minister of Finance, 55 per cent of Israel's labour force is engaged in agriculture, industry, mining and quarrying, handicrafts and other occupations statistically classified as productive (this figure includes non-Jews). In France, the

metres under Lake Kinneret is the fountain of the Tiberias Hot Springs. They reach a temperature of 60° Centigrade, contain 13 different mineral salts and sulphur. They rank among the most powerful medicinal springs in the world. The healing effect of the Hamel Tiberia Baths, Piloma-Packs, Inhalations etc. on rheumatic diseases, arthritis, lumbago, diseases of the joints, gynaecological diseases and others connected with metabolism, is extraordinarily strong. Experience has shown this.

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# THE FIRST SEVEN YEARS... AND AFTER



House painters waiting for random work on one of Tel Aviv's "labour exchange" street-corners.

The political parties and national economic institutions have some 5,000 employees and the Jewish Agency and its affiliates a similar number. This makes a total of 90,000, not taking the armed forces into account. And despite the magnitude of this figure, our administrative services are expanding every year.

This excess of service employees is a feature not only of the administration but of most branches of the economy. The regime of subsidizing—visible and invisible—make this situation worse and indeed encourage its further expansion. Obviously, we are diverting our labour force, and especially the young element, into non-productive occupations, especially when we take into account that the average Jew in any case is not too strong among the Jews.

**Excessive Urbanization**

A second factor hampering productivity is excessive urban development. We do not refer to industry in this context, for its expansion is obviously necessary, no less, relatively, than agriculture. But our economic policy has the effect of encouraging housing and public works in areas where they should not be built at too rapid a rate. This also hinders the trend towards the villages. If one can get cheap housing in one of the big coastal cities, why go to the South or to Galilee?

Government and public construction make big demands upon our labour force and divert workers into non-productive occupations. When these projects are completed, new public works and construction projects are "manufactured" in order to provide employment for the additional urban population which has no roots in the national economy. Small wonder, then, that in agricultural settlements farms have remained deserted at a time when we are short of food and must import it from abroad.

**Inflation in Services**

Thus the dimensions of the problem confronting us are large indeed. In order to achieve self-sufficiency, it is not enough to increase the average output of the individual worker. We must also increase the number of productive workers. This indeed must be the principal objective of the revolution that must be brought about in this country within the next few years. The extent of this malady of non-productivity in Israel is proved by the fact—quoted by the Minister of Finance in his budget speech—that despite the high proportion of workers employed in the services, it proved difficult to mobilize adequate labour force for the picking of groundnuts and similar agricultural jobs.

**WHAT** are the causes underlying the absence of all progress in this vital field? Primarily there is the disproportionate stress upon the services. The relative volume of Israel's administrative services is probably without parallel in any country in the world. The Minister of Finance cited two different figures for the number of permanent state employees, he said, 48,000, but 52,000 are registered for purposes of income tax. Apparently, the latter figure is closer to the real total, for so citizen is likely to pay his taxes twice. This is a tremendous figure, especially if we recall that the total Jewish labour force is no more than 350,000 and the labour force of the whole country about 600,000. It must be pointed out, further, that these figures do not include officials of the Labour Exchange, most of the public health services, and other categories, which generally are functions of the state but in Israel are performed by Histadrut.

Municipalities and other local government bodies in this country employ another 15,000 workers (this does not include, of course, those engaged in public transport, which in other countries is a municipal service). The Histadrut, including the Workers Sick Fund, (Kupat Holim) but excluding its various economic enterprises, has 12,000 employees.

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It has become one of our conventions that every enterprise must continue to exist with its normal complement of workers, without regard to its capacity to produce on a competitive basis. If its output is expensive and of inferior quality (and does not cover even its wage bill) then it is given subsidies in a variety of forms, is "consolidated" by long-term loans which are renewed from time to time, and is protected by fantastic duties on imports.

The fact that a worker may receive his job irrespective of his contribution to national output has become a serious handicap on economic progress, and must lead, sooner or later, to a national economy which cannot displace workers who will not be able to find them.

Production costs are further inflated in this country by the payments necessary to various branches of the public administration. The national income for the year 1953/54 has been estimated at IL5,000m. Of this total, the Treasury will take IL1,500m; the municipalities, IL1,000m; the Histadrut and the various political and economic organizations, another IL1,000m, making one third of the total national income.

If national production must bear such a heavy burden of

taxation and other compulsory payments, our goods cannot be competitive. High, the situation would be different. But it is not, and therefore the moment the stream of aid coming from abroad is checked, our living standards must topple. In the meantime, Jewish capital in the Diaspora is not finding its way to Israel because of the difficulty of producing competitively in this country.

Within the existing economic structure, which we have created but are incapable of maintaining, it has been said that in a democracy one dare not tell the bitter truth—it might lose votes. But better the bitter truth today than bitter realities tomorrow. The certain fate of the nation is far more important than the hypothetical fate of their votes.

**An Economic Riddle**

As a result of this analysis, the question may be asked: If the measure of economic progress is so modest, why are living conditions so much easier today than in 1953/54? It is perfectly true: the shelves in the shops are stocked with all manner of good things, most people are better housed, better clothed, better fed. There seems to be something paradoxical in the situation.

To some extent, the improvement in the national trade balance is fictitious. Part of our export, and most of our imports, are diverted to countries with which we have clearing agreements. The dollars the latter earn are sent back to us in the form of a loan, often very much less. Indeed, the scope of clearing agreements, as a means for a rapid increase in international trade, is being restricted. A substantial contribution towards the improvement in our adverse trade balance was caused by the decline in international prices of raw materials during 1954. For this reason, we were able to buy more imports at rather lower total cost. But this process is over.

Moreover, some of the shortages, and the consequent fraying of nerves in the early years of the State, were caused by exaggerated demands of controls and rationing. Obviously, the rationing of fresh agricultural produce was necessary as long as local production did not keep abreast of the consumption of a rapidly growing population. But most of the controls and rationing, such as of clothing and footwear, were superfluous and based on mistaken principles. Controls and rationing caused a rise in prices, and combined with the inflation helped to create a rampant black market, which in turn led to the disappearance of many commodities from the normal markets and dislocated ordinary channels of production and distribution. The revival of competition in retail trade and in various services resulted in many improvements, but not any commensurate rise in production.

The main answer to the question must be sought, however, in another direction. Immigration has decreased considerably in the past three years, while the influx of grants-in-aid, reparations and philanthropic funds has not declined. We have therefore been able to allow ourselves more freedom in the use of these funds. We have increased the proportion of imported consumption goods and of raw materials intended for local manufacture of such goods. We have decreased the proportion allocated to capital goods. Thus, we have maintained our living standards. In other words:

We have utilized more foreign aid for our present subsistence and less for extending our economic independence in the future.

How long can we hope to live in this fool's paradise? It is difficult to set a definite term. But some figures speak for themselves. In the current year, we have received \$22m. from American Jewry on account of the Holocaust. We have therefore been able to allow ourselves more freedom in the use of these funds. We have increased the proportion of imported consumption goods and of raw materials intended for local manufacture of such goods. We have decreased the proportion allocated to capital goods. Thus, we have maintained our living standards. In other words:

During this present year, our imports of Reparation goods exceeded by far the annual quota (\$5m. instead of \$3m.). It is extremely doubtful whether this process may continue. The American grant-in-aid, according to statements made in Washington, is to be reduced, and the American Jewish Committee is present philanthropic form may well be discontinued. Income from the United Israel Campaign has been declining for a number of years, and during the present year was approximately half of the annual record previously achieved. It is difficult to foresee how it can increase. The Independence Loan will continue but will call for a superhuman effort to ensure the present level of income.

If nothing unforeseen happens, and no nation can permit itself to rely entirely upon the unexpected, we shall find towards the end of 1955 or the beginning of 1957 that we have to support ourselves to a far greater extent than at present by our own efforts.

Preparing for this time must be the major concern of our economic and social policy. Far-reaching changes are necessary in all strata of the national economy. But well-planned changes today are far preferable to revolutionary shocks in the future.

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## Vital Task of Export Policy

More Incentive for Manufacturers Proposed

By I. HERSHMAN

The Manufacturers Association

THE suggestions which propose to improve our export conditions fall into two categories: those that would change the monetary policy, and those that would change the fiscal policy. The first category includes the suggestion for a floating exchange rate, which we have been discussing for some time. The second category includes the suggestion for a change in the export tax system, which we have been discussing for some time.

Although the Government has resisted the concessions demanded by exporters inasmuch as they are affected at the expense of the Budget, the Government has been forced to concede that the export tax system is not working.

All demands that fiscal principles be modified on the other hand have been consistently rejected. Two attempts in this direction, culminated in the competitive standing of Israel goods abroad, were defeated. One was embodied in the recommendations of a commission set up two years ago under Mr. David Horowitz to investigate foreign currency control. No action was taken.

### Two Arguments

Two sets of arguments are usually cited in favour of retaining foreign currency control. One could be termed "political," the other "statistical." The first asserts that the attraction of private foreign capital promotes the creation of social and psychological conditions similar to those that exist where the capital is found today. The second asserts that the attraction of private foreign capital promotes the creation of social and psychological conditions similar to those that exist where the capital is found today.

Some industry. These incentives have not succeeded in attracting substantial investment to the export sector.

The "statistical" approach starts out from the fact that 80 to 85 per cent of our foreign currency revenue comes from exports of goods and services.

The exporters request that under certain circumstances "Panas" accounts be made transferable, which would amount to the partial removal of foreign currency control.

Most governments encourage their export industries actively. The most natural and the most decisive incentive is to let the export manufacturer recoup by selling his goods at a price which is higher than the cost of production.

The suggestion to make our "Panas" accounts transferable aims at giving our exporters an incentive to sell abroad too — by enabling them to sell the proceeds of their export to the holder of an import license for officially specified articles which will be sold on the local market at a price which is higher than the cost of production.

It is claimed that selling "Panas" accounts at a higher than official rate may raise domestic prices and affect the cost-of-living index. But when "Panas" accounts are not transferable, their owners acquire what amounts to a monopoly over

certain raw materials. This makes it possible to obtain more than the official rate for every dollar represented by these raw materials, particularly in those industries where the firms that hold "Panas" accounts are few and can divide the market among themselves.

Under present controls of foreign exchange and of imports, the supply of most goods lags behind the demand for them.

As a result, the Israel Pound assumes different values in different industries: where foreign currency allocations, and hence raw materials supplies, approach saturation of the demand, the real value of the Pound approaches its official value.

It stands to reason that two separate import programmes, one based on the foreign currency budget and the other on foreign currency income, from other sources, primarily from added value, represent the soundest development pattern for our export policy.

Some idea of how they do that was given to a Jerusalem Post reporter who spent several days at the Institute of Productivity.

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## New Approach to Economic Planning

By MORRIS ATER

Jerusalem Post Economic Editor

TODAY and tomorrow the story

of the State of Israel and its achievements during the first seven years of its existence will be told, and figures cited to show the great strides made in settlement, agricultural and industrial production, export trade, shipping, social insurance and other fields of material welfare.

No statistics can however convey a notion of the progress made during this period in the vital field of organizing our economic resources and making them work together in an efficient manner.

That this has been no mean task is clearly shown by the record of the last year. How often were there shortages experienced while means which could be used to relieve them were neglected or discarded for less important purposes?

Experiments in improvisation. Paradoxically, never was planning more popular both with the administration and with the general public than during that early period while since then it has been losing favour almost in proportion to the progress made from its application in practice.

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that everyone could be solved by reducing it to facts and figures and a proper scientific approach. Research and planning departments were established in half a dozen ministries and high hopes were placed on the implementation of their programmes.

On several occasions lip-service was paid to economic planning by members of the Government. It culminated in the late Eliezer Kaplan's budget speech announcing a comprehensive four-year economic plan prepared by Dr. G. Nathan at a time when inflation was rapidly gathering strength.

That the practical results of this activity were so poor must be attributed to a series of factors. First of all, the facts and figures for drawing up the plan were often insufficient and even misleading and several years went by before a more solid statistical basis could be provided by improved administrative machinery.

On the other hand, planning had not been originally conceived as an effective practical administration and therefore tended to purely abstract methods, trying to imagine a target, social and financial desiderata and statistical fictions so as to lose sight of the real facts.

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## Teaching Know-How

Jerusalem Post Reporter

How does the message of productivity spread? Through "converts" to the idea who spread the message to others.

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## Management-Labour Cooperation

### Productivity Drive in Action

By J. KUTNER

Jerusalem Post Reporter

HOW does productivity work?

What does it mean to factory owners and workers?

This reporter found the answers to these questions when he toured several important Israel factories during the past few days, and spoke to management and workers.

Productivity Councils established in the factories.

At the Cde factory in Ramat Gan, Mr. A. Ben-Zion, representative of the management on the joint productivity council, which has increased the factory's output, gained the workers up to 40 per cent more wages, and made this a peak year for employment at the factory, explained:

"It was two and a half years ago that we set up our council, which is composed of an equal number of representatives of management and workers. We have two chairs, one for management and one for workers. We take the chair alternately, and our sessions are attended by efficiency engineers and representatives of the Joint Productivity Councils of the Histadrut and of the factory department under discussion."

Research in Work Methods

Two years ago the management approached a firm of South African efficiency consultants who set about investigating the production processes at Cde, introducing improvements and establishing standards and norms for the workers.

What type of improvements?

From the simplest to the most complex: from advising workers on the best way to sit, to rearranging workshop layouts and machinery.

Then they began a time study, assessing scientifically the normal amount of work which might be expected from an average worker during eight hours.

"Standards" and "norms" were then set, with premiums being offered to workers who exceeded the norm.

Workers Earn More

"Before we introduced this system," said Mr. Ben-Zion, "some of the workers were already achieving results above the norm — producing exceptional results without receiving any reward for their initiative. On the other hand, some workers were earning only 40 to 50 per cent of the standard, and received the same pay. After the introduction of the system, those who had always worked well were encouraged for their efforts. The others began to improve their work and within a short time, reached and passed the norm. Now it is quite usual to find workers earning up to 40 per cent more money than they did for the same work period before."

When the system was first introduced, there were naturally workers who felt that the stand-

ards set were too high. However, management, the management was enabled to reduce the number of workers in the store by 30 per cent and to transfer those to productive work. Now, the service department and the maintenance department and other workers are coming under the purview of the system.

Summing up, Mr. Ben-Zion stated:

"Our new system has introduced order into the life of the factory. The management is able to assess the price of its products realistically, and the factory has been enabled to produce more cheaply, because on one week before the norm, as was the case formerly. On the other hand, there is no need for the workers to struggle for higher pay. They can between 30 and 40 per cent more without having to fight for it. This is a new sense of cooperative friendship between management and workers, and the management has grown with the growth of the system. Indeed, 1954 is our peak production year so far."

Mr. Ezra Fischer, the Cde workers' chairman on the Joint Productivity Council, agreed with Mr. Ben-Zion's conclusions. Relations between workers and management had never been so good, he said. The workers were now more interested in producing better products, and consultations between both sides on their mutual problems had given them the feeling that they were not mere ciphers in the work of the factory. As a result, they strove to assist the management to the best of their ability to put the new systems into effect, and even to improve on them, if possible. Suggestions from workers for improvements in work arrange-

ments and factory layout were welcomed — and rewarded. Recently, for instance, one worker had an idea for saving fuel and water had gained him an award of 1,500 (half of the net saving over a three-month period).

The Joint Productivity Council meets once every fortnight to discuss methods of increasing productivity. Between meetings there is a secretariat to deal with interim matters.

Mr. Fischer summed up: "The new system has been an incentive to all of us to think. It has improved workers' conditions and our relations with the management, and it is helping the country."

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# EL AL BOOSTS TOURISM

By MOSHE BARNES

THE American tourist now spends an estimated \$1,700-2,000 annually on travel abroad. If current trends continue upward, he will spend more than that in every successive year with no leveling-off in sight.

At present, about 40 countries are actively vying with each other for the largest possible share of those dollar-income possibilities. Among the agencies and business enterprises in the United States selling Israel as a tourist attraction, El Al Israel Airlines occupies the unique position of a battle-worn veteran in the fiercely competitive and very costly contest for the tourist dollar.

Of the American and other air and shipping lines which provide regular service from the United States to Israel, none have been prepared to invest more than an incidental amount of time, effort and money in the promotion of Israel as a tourist attraction. Travel agencies, too, have lacked the financial resources to promote Israel intensively. El Al has timed its promotional efforts to its infrequent sailings from New York and confined itself pretty much to publicizing these sailings.

Israel Government Information and tourist offices in the United States have only recently begun active tourist promotion campaigns when the first government allocation of funds was made for this specific purpose. Israel-oriented Jewish organizations have done their part, but only the largest and more affluent ones have been able to generate a certain amount of tourist traffic, confined of course to their own membership.

In the four years since El Al began to operate its regular transatlantic services, its staff in the United States has learned some valuable lessons about channelling the American tourist dollar into Israel. Some of this experience already has been put to effective and productive use. Much of it awaits implementation when funds do so well become more readily available. All of it points up a few important basic and general principles which should prove beneficial for all others primarily concerned with the increase of Israel's tourist dollar volume.

## Primary Markets

El Al has come to the conclusion that for a long time to come Israel's primary tourist market will be found in the Jewish communities of America. A bold new promotion programme to organize Jewish Community Caravans to Israel in city after city, has been developed by our Sales Promotion and Public Relations staff in the firm belief that such a programme with minimal investment on our part, result in a marked increase of tourist traffic to Israel. Our estimate indicates that in most communities such Caravans to Israel might well become annual events.

Once sufficient experience has been gathered to take this idea into the general market, there is no reason why it should not be applied to similar campaigns to organize "Pilgrimages to the Holy Land" among non-Jewish groups.

In the search for its primary markets, El Al has also hit upon a startling discovery: only very small numbers of American Jews have thus far shown enough interest in Israel to make trips there. Mostly, these were motivated by Zionism or they went to visit relatives. But there are many more American Jews who, painful as this discovery may be, can be sold on visiting Israel merely as another interesting and far-away country to include in their next vacation trip to Europe or the Mediterranean. On the other hand, there are still sizeable numbers of observant American Jews who would be ready to spend their bottom dollar for a trip to Israel at the prospect of a once-in-a-lifetime spiritual or religious experience there.

Much of this applies, of course, to the general tourist as well. El Al emphasized wherever possible available tourist facilities, the quick, easy and inexpensive accessibility of Israel from such tourist centres as London, Paris and especially Rome; it has publicized special events and festivals, although there have been far too few, mostly suffering from bad advance planning, to lend themselves to effective tourist promotion.

Development of Tourism In its daily close contact with tourists returning from Israel, El Al has become convinced that it has a responsibility and obligation to contribute its share to the development of the tourist



Tourists from the U.S. arriving at Lydda Airport

## MOST SUCCESSFUL TOURIST SEASON

This spring's tourist season was the best yet. El Al alone brought over 2,000 tourists from many countries for Pesach and Independence Day. This article brings you some facts about El Al's effort to attract tourists to Israel. Although Mr. Barnes writes mainly about the United States, El Al has been developing a similar effort in 15 countries over four continents. The success of the tourist season is proof of the fact that our tourist propaganda is now on the right track, although much still remains to be done, at home and abroad.

Israel's tourist industry has enabled El Al to develop a reputation as an expert and authoritative centre of tourist information on Israel in the United States. Members of El Al's staff are invited frequently to appear on radio and television, and during her off hours took dancing and painting lessons.

When war broke out in 1947, Yardenia Leung was 14. Leaving her studies, she asked for duty in the armed forces and was given an assignment as a messenger in the front lines. As it was one of those scores of brave young people who voluntarily risked their lives to save the besieged city. Under shot and shell, she carried messages from troops to men in the trenches and behind barricades on the firing line.

When the siege was lifted and the enemy was being chased back across their borders, Yardenia joined the fledgling Israel Air Force. This marked the beginning of her plane-crazy career. As it to help her along with that career, Israel National Airlines was formed to break the Arab blockade.

Meanwhile, Yardenia married a handsome Army officer, but before she did she made it clear that her marriage would not prevent her from going into air service. When she was out of uniform, Yardenia immediately filed an application with El Al to begin training for the position of hostess. From the point of beginning work there were a lot of high hurdles.

For one, thousands of Israel girls hooked their star on to the dream of flying, and the competition is tough. The written examinations are rigid, and hundreds who have been permitted to get as far as the testing stage have been rejected. Then there is the cross-fire of the interviewing board, which Yardenia found was not much more pleasant than the fire she had met on the front line in Jerusalem.

Yardenia's training at Beit Berl was intense. The hostess of an airplane must know a lot more than how to serve dinner several thousand metres above the earth in a machine that is hurtling through space at about 500 kilometres an hour. They taught her so much about the mechanics of an airplane that she felt as though she could take one apart and put it together again blindfolded. Then there was the history and geography of Israel, customs and passport regulations, data on hostels, international travel problems, El Al commercial procedure, and more. By the time she had finished, she felt she could answer any question that any tourist from any land could possibly ask her. And that is exactly what El Al expected of her.

Then came the thrill of her life—the first flight. The thrill of the maiden voyage on a passenger Constellation was one she could never forget. But she found out later it remained, and every time she greets passengers walking into the "Comet," she has that same thrill all over again.

Once in flight, Yardenia soon found out that it takes more than just an intensive hostess' course to be successful. There is the very important matter of one's personality. Without the ability to inspire calmness and assurance, or to spread a feeling of cheer and friendliness, the air hostess might as well stay put right on the ground. Yardenia has proved this to herself over and over again. Take the time, for example, when a passenger wants to "jump off" when the plane flew over her home before arriving at London Airport; or the little

# HOSTESS IN THE CLOUDS

By LEON AVIGDOR

YARDENIA Carmel stepped down from the rank of the Constellation that had taken her in the past few weeks to three continents, drove home to her small Tel Aviv flat, took off her coat, and walked into the kitchen to prepare supper for her husband who would soon be home.

Although it is a routine she has been following for several years now, she always has that same excitement of coming home again. And yet when she must go off once more there is that same feeling of adventure. Literally, Yardenia works in the clouds. She is a hostess for El Al.

Yardenia is a Jerusalem girl. She comes from the residential quarter of Rehavia where her father is well-known as an X-ray specialist. She studied at an exclusive secondary school, and during her off hours took dancing and painting lessons.

When war broke out in 1947, Yardenia Leung was 14. Leaving her studies, she asked for duty in the armed forces and was given an assignment as a messenger in the front lines. As it was one of those scores of brave young people who voluntarily risked their lives to save the besieged city. Under shot and shell, she carried messages from troops to men in the trenches and behind barricades on the firing line.

## Joined Air Force

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For one, thousands of Israel girls hooked their star on to the dream of flying, and the competition is tough. The written examinations are rigid, and hundreds who have been permitted to get as far as the testing stage have been rejected. Then there is the cross-fire of the interviewing board, which Yardenia found was not much more pleasant than the fire she had met on the front line in Jerusalem.

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boy who insisted on playing Cowboys and Indians 20,000 feet above the African jungle. A calm, reassuring smile; a friendly arm and a pleasant voice are the ingredients of Yardenia's prescription for such emergencies. The therapy works like a charm. It worked on a governor of one of the 48 United States, who, on completing his trip, sent a fine gift to a Jewish welfare organization in recognition of Yardenia's hospitality.

Yesterday, Yardenia arrived home. Today she is visiting her parents in Jerusalem. And tomorrow, perhaps, you may look up when you hear her pleasant voice to see her offering you a teapot in an El Al airliner heading for almost anywhere in this wide, wide world.

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At left, Yardenia at work above the clouds. At top, she stops to inspect the latest theatre and music programmes, posted while she was on another continent.

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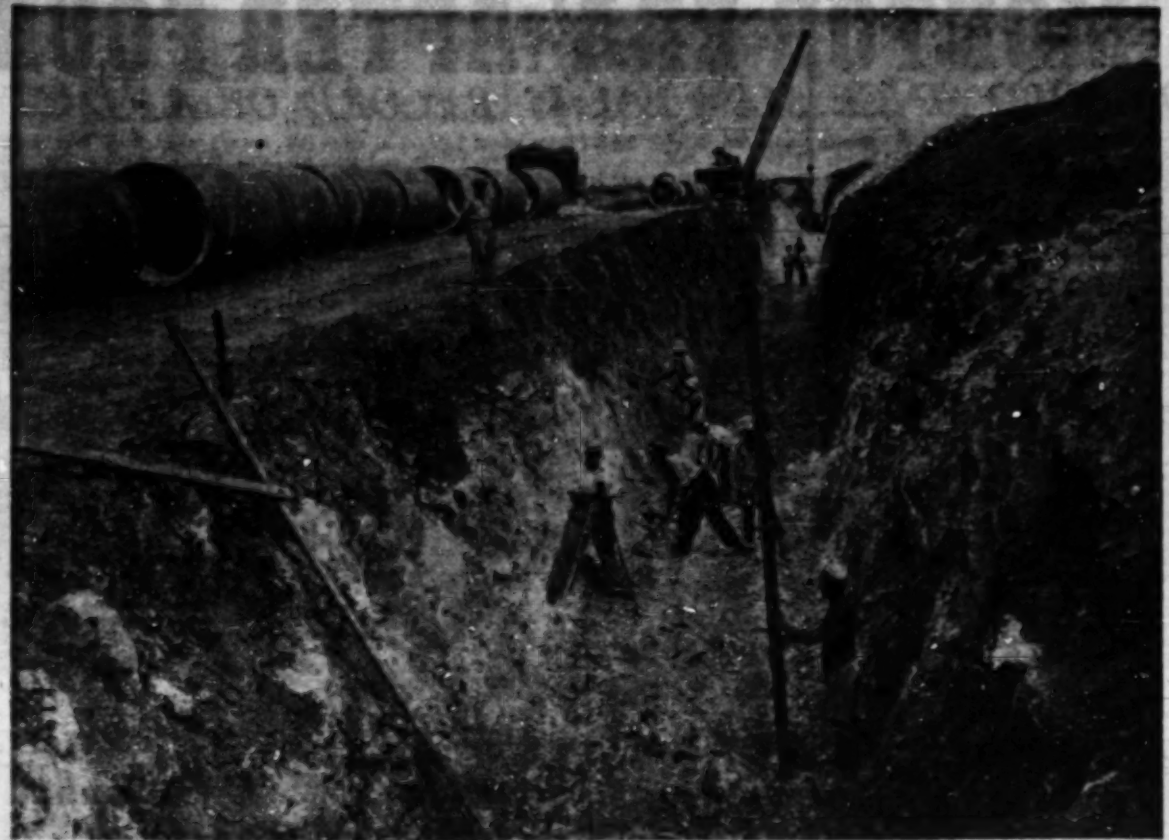
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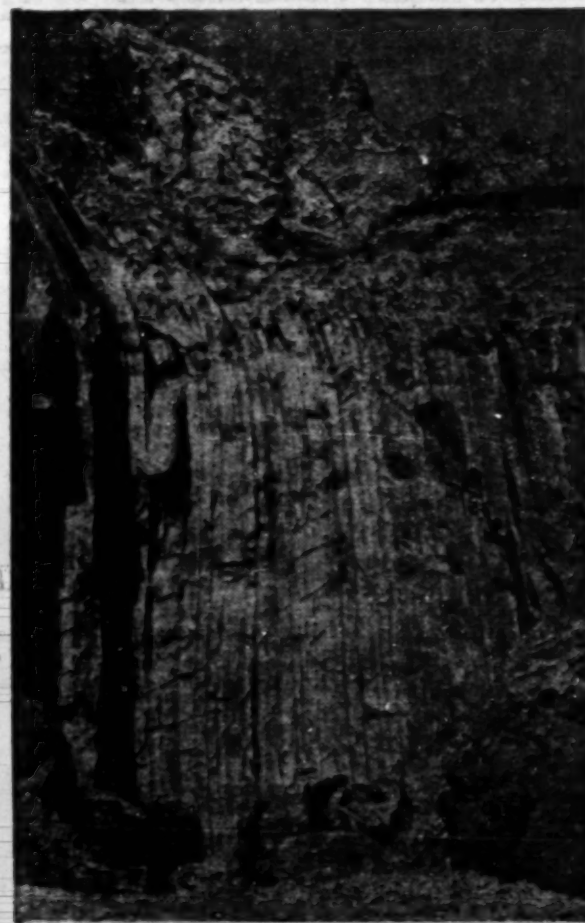




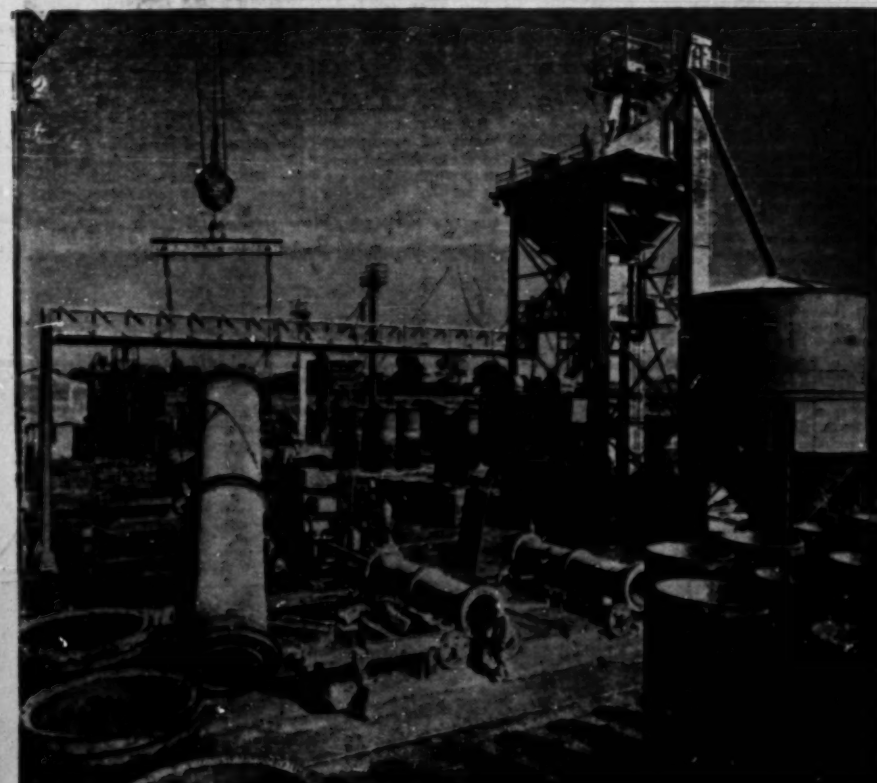
About the great channel to the South, in which is being laid the giant pipes of the Yarkon line. At right, another Bond-aided enterprise, "Fertilizers and Chemicals" of Haifa: a travelling "grab" crane is seen poised above a mass of raw phosphate.



New storage construction going up at Sdom Potash Works (in background) will enable potash to be handled in bulk.



Hewing rock salt at Sdom under "Lot's Wife," the pillar seen at top of picture.



The giant concrete pipe plant at Yuzal Gad, which casts other concrete-astoblast products as well as supplying the great pipes for Israeli irrigation network.

## Bonds' Great Role in Development

By a Special Correspondent

As the Israel Bond programme completes its fourth year, it is fitting that some review be made of the impact which Bond investments have had on our expanding economy.

Much of the improved economic position is a direct result of the Israel Bond dollars injected into its agricultural and industrial arteries. Since 1951, Israel Bonds have provided the largest single share of the resources that back up the Development Budget.

The crucial role of Bonds is highlighted by a report recently released by the Ministry of Finance, which describes the allocation of Bond funds during the three fiscal years covering the period from April 1, 1951 to March 31, 1954. Out of a total Development Budget of \$359,777,000 during that period, Israel Bonds provided \$129,132,348, more than one-third.

This figure does not include Israel Bonds sold after March 31, 1954, as well as some sold before that date but not yet included in allocations.

THE use of Bond funds has been concentrated in those areas which contribute most to the economic growth of the country. The sum of \$53,935,575 was allocated to agriculture and irrigation in an intensive effort to meet domestic demands for food and save large sums in foreign exchange by eliminating the need for its imports. Another \$24,088,918 was allocated to industry and electric power, concentrating on those fields which produce export commodities. Transport and communications received \$13,772,128, immigrant housing received \$14,259,934, and hotel construction for tourist currency \$3,170,800.

Of the total \$53,935,575 allocated from Israel Bonds to agriculture, \$21,117,000 was invested in irrigation projects, irrigation being the major factor in all plans for agricultural development. The irrigated area has grown from about 250,000 dunams in 1948 to approximately 800,000 dunams in 1954. (The total area under cultivation was about 1,000,000 dunams in 1948 and nearly four million in 1954, out of a total of close to nine million dunams of arable land).

This development has led to a 30 per cent increase in the value of agricultural output during the same period, and to an increase in the number of persons gainfully employed in agriculture from 22,000 in 1947 to 36,000 in 1954.

The year 1954 was exceptional for irrigation development. The

Mohr Company alone is scheduled to increase its supply capacity from 15m. cubic metres per year in the spring of 1954 to more than 40m. cu. m. per year by the summer of 1955.

The Yarkon-Negev scheme is the most important of all the irrigation projects undertaken. It is designed to divert part of the Yarkon River to the Northern Negev to supplement the local resources of underground water. The scheme includes the laying of two concrete pipes of 60-inch diameter, 100 kilometres long supplying water from the springs of the Yarkon River.

The three main reservoirs and pumping stations are under construction, and the whole project is now nearing completion and is scheduled to be put into operation later this year, when 10m. cubic metres of water are diverted from the Yarkon River and carried over 110 kilometres to the arid wastes of the Negev. The implementation of this project will revolutionize agriculture in the South.

At the same time, construction work on four reservoirs continues. The Kishon reservoir in the Emek, Elin Karem reservoir near Jerusalem, Ayalon reservoir in the central coastal plain, and Tel Yehoshua reservoir in the Negev, serving as links of the main line of the National Irrigation Scheme. The country is thus nearing the full utilization of all regional and local water resources.

Other important irrigation projects include the Eastern Border Scheme, the Eastern Galilee Scheme, Lower Galilee, Western Galilee-Kishon, Central Israel Valley, Beisan, Ephraim Mountains, Wadi Falach, Beit Yosef and Carmel Coast. In most cases, these schemes are based primarily on local wells and springs.

A TOTAL of \$9,325,501 was devoted to the establishment of new settlements and farms, and \$8,631,398 to housing in these new settlements. These included smallholders' villages (mostly for new arrivals), communal settlements, work villages for new immigrants, and youth villages.

The sum of \$2,624,500 was invested in the development of the Arava. A road has been completed from Tel Yehoshua via Wadi Ramon to Eilat and makes possible transportation to and from the copper fields. Two pipe-lines have been started, one from Beersheba to Kurnub and one from Elin-Radian to Beer Ora. Wells are being bored, agricultural projects are under way, and funds are being invested in the construction of dwellings in Eilat.

The Israel Bank of Agriculture, which was established by the Government in 1951 as the central credit institution for agriculture, received \$5,518,500 in Israel Bond funds, while \$4,256,678 was devoted to specialized projects for the increase of agricultural production. These projects included a wide variety of activities important to the future of Israel's agriculture, among them soil conservation work, construction of cold storage plants and silos, increase of livestock development, of fisheries, and the establishment of

agricultural schools and training farms.

THE allocation of \$94,985,918 in Israel Bond proceeds to industry and electric power included \$4,751,500 to the Palestine Electric Corporation for the development of electric power. Shortages of electric power was one of the serious bottlenecks in the development of Israel's economy for a number of years. The installation of a new 50,000-kilowatt turbogenerator at the Reading Station in Tel Aviv, which went into operation in 1953, solved the problem for a time. But requirements continue to grow, and an additional 50,000-kilowatt turbogenerator has been set up in Tel Aviv.

A high-tension line has been constructed to connect Jerusalem to the country-wide grid. Moreover, an additional 50,000-kilowatt power station in the South will bring the total generating capacity up to 220,000 kilowatts by 1957.

A total of \$14,969,518 was allocated to basic industries, including \$3,962,580 to the Israel Mining Corporation for the exploitation of mineral resources. Funds were provided for the re-activation of the Dead Sea Works, and for the construction of the new road to Sdom which makes it possible to operate the plant economically. By the end of this year, the plant is expected to be producing 80,000-100,000 tons of potash per year. In a few years, the output should be increased to 150,000 tons annually.

FERTILIZERS & Chemicals, which has received \$4,783,432 in Israel Bond funds, is Israel's largest single industrial enterprise. When completed it will be able to produce all the chemical fertilizers required by Israel's agriculture and supply all the basic elements necessary for the development of a ramified chemical industry. When in full operation, the plant should save at least \$10m. annually in foreign currency through eliminating imports. In addition to smaller earnings through exports.

The Shimon Cement Works, in which Israel Bond capital is invested, is expected to have a capacity of 250,000 tons of cement a year. This will increase Israel's output of cement by about 50 per cent.

The Israel Mining Corporation is responsible for the discovery and exploitation of the following resources:

1. Phosphate — It is believed that deposits in the area of the Nahkib Hagadol near Kurnub exceed 100 m. tons. Production target for the current year is 120,000 tons of up-graded rock of high concentration.

2. Copper — Explorations in the area north of Eilat have established the presence of 150,000 tons of copper. Resources may go as high as 1.5m. tons. Construction of a copper-producing plant is expected to start shortly.

Preliminary investigations are still proceeding. There is evidence that the exploitation of local ore will be economically feasible.

3. Manganese — Deposits are estimated at about 1,600,000 tons. There has been no decision yet on the economic feasibility of their exploitation.

4. Glass Sand and Ball Clay — Glass sand deposits exceed 1 m. tons, probably much more. Experi-

ment has already reached the point where import is unnecessary. Ceramic clay deposits exceed 500,000 tons, are now being exhibited.

Other resources are still under investigation, including peat, rubber, gypsum, sulphur, bitumen, limestone and nitrate.

A total of \$3,735,400 in Israel Bond funds was made available for the development of new industrial areas, primarily for the construction of new factories and roads, and for water and electricity supplies. This sum includes \$500,000 made available to the Jerusalem Economic Corporation for the development of industries in Jerusalem.

The sum of \$2,624,500 was made available to individual industrial enterprises as loans, and an additional \$4,965,500 was allocated to banks and financial institutions for loans to industry.

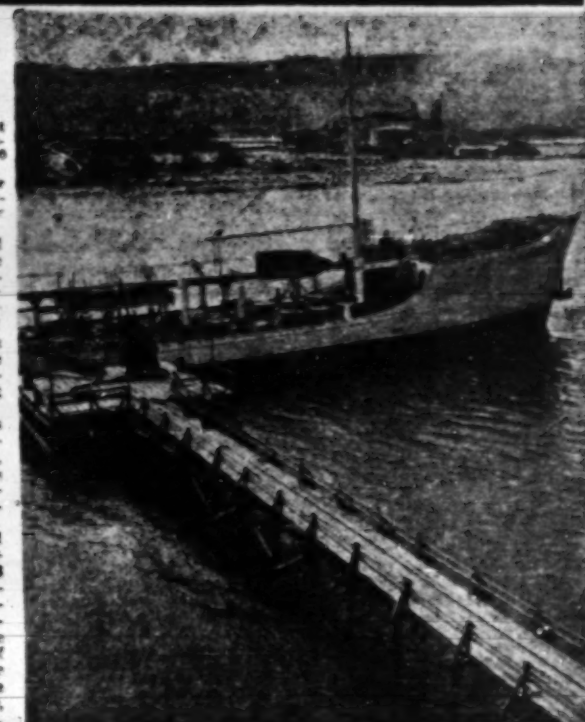
The \$13,772,128 in Israel Bond funds for transport and communications included \$3,773,500 for the construction of the Kishon Lighter Harbour. This project serves to relieve the congestion of Haifa Port to create an area for the development of industries requiring water-borne transportation, to make possible the setting up of a free zone, and to eliminate the flooding which has occurred in Haifa Bay during most winters.

The sum of \$1,500,000 was allocated to the improvement of Haifa Port. The results of this programme are reflected in an increase of tonnage handled from 254,678 in 1948 to 1,307,000 during the fiscal year ending March 31, 1954. An additional sum of \$500,000 was loaned to the Zim Navigation Company.

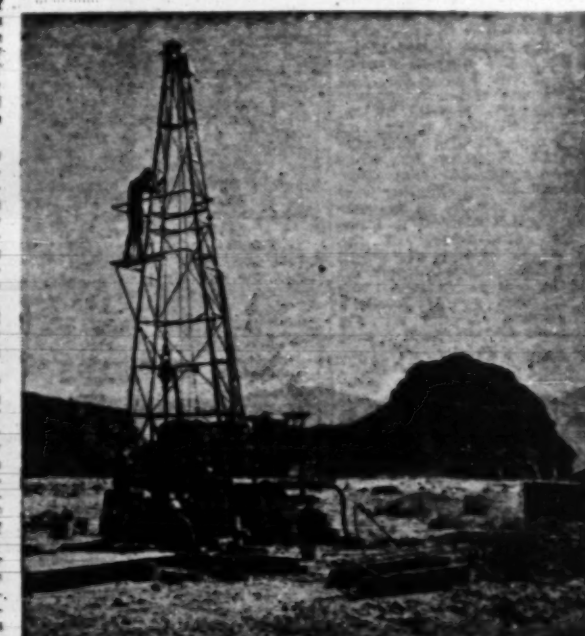
Israel Bond investments in railways totalled \$3,551,728, including funds for the construction of the Tel Aviv-Hadera railway, and for the purchase of rolling stock and other equipment. The sum of \$1,678,528 was invested in the Aircraft Overhaul Base at Lydda, now the largest base of its kind between Paris and Hongkong. A total of \$3,338,500 was allocated for the acquisition and installation of telephone equipment.

Of the total of \$14,309,994 for the housing of immigrants, the sum of \$11,044,954 was allocated in the form of loans and mortgages to housing societies. This was used for the construction of 8,246 dwelling units for immigrants throughout the country. The remaining \$3,265,000 was allocated to a variety of immigrant housing projects.

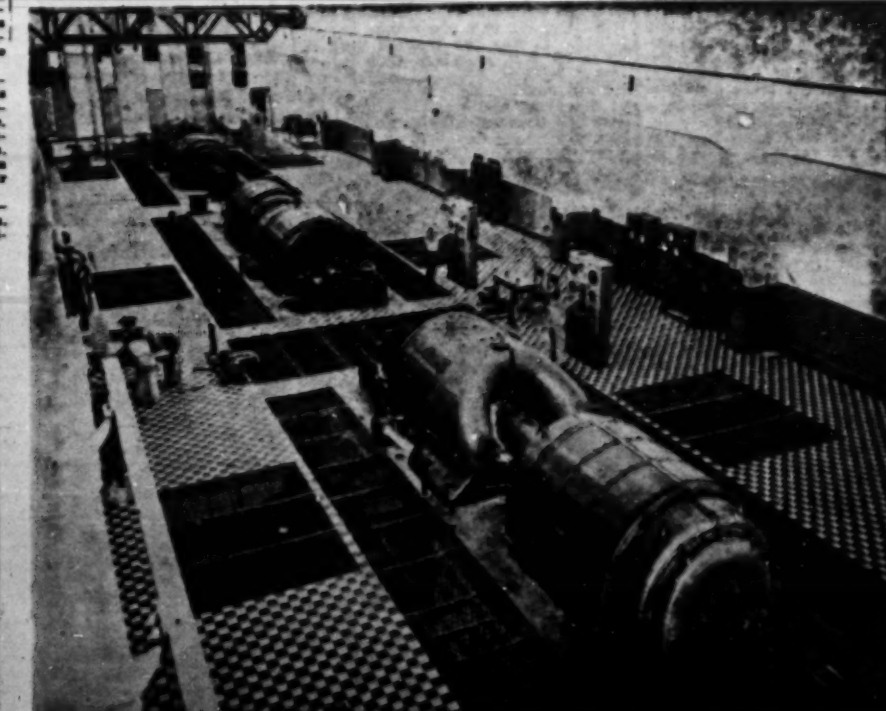
The \$3,170,800 allocated for the construction of hotels was made available through the General Mortgage Bank, which supplemented this sum with funds of its own. Most of Israel's major tourist hotels have received loans through this channel.



A special coaster whose lined holds carry sulphuric acid to Turkey, being loaded by pipe from "Fertilizers and Chemicals" tanks at the Kishon Harbour.



A scene at the lonely copper mines near Nahal Tzinn, in the southern Arava.



The massive turbo-generators at the Reading power station, installed with Development Bonds.



"Open face" phosphate mine in the Negev, developed with Bonds aid, works day and night.



# END OF 'MONITOR ERA' AFTER FOUR

## \$190 MILLION SOLD SINCE MAY 1951, IS RECORD OF A.F.D.C.I.



The Finance Minister, Mr. Levi Eshkol (left) receives Israel Bond subscriptions purchased in connection with the Hemmick Festival held in New York in December, 1952. Shown presenting the subscription to the Finance Minister are Mrs. Golda Myerson (center), New York Israel Bond Chairman, and Henry Montor, who was Chief Executive Officer of the Israel Bond Organization.

By A Special Correspondent

**NEW YORK.** — In the annals of the State of Israel, one outstanding non-military episode will always be associated with the celebration of its independence. It is no mere accident of the calendar that the fourth anniversary of the launching of Israel's first Bond issue will almost coincide with the seventh anniversary of the proclamation of independence.

On May 1, 1953, four years will have passed since the State of Israel Bond was first made available for purchase in the United States. By May 1, 1953, some \$190 million in Israel Bonds will have been sold, largely in the United States, but also in Canada, Mexico, Brazil, Cuba, Belgium, Holland, Switzerland and 30 other countries. Other countries have obtained larger sums from banking syndicates but no country in history has obtained such an amount in that period of time from direct sale of bonds to a public outside its own territory. This achievement has been of immense significance to the financial stability of the State of Israel. It has also been a remarkable reflection of the deep interest which the Jewish people have in the strength of Israel.

### INDISPENSABLE FINANCING MEDIUM

The history of the Bond idea and of the Bond organization is especially pertinent to the American Financial and Development Corporation for Israel prepared to transfer the idea of the Bond issue to the United States. The writer of the Israel Bond issue to another corporation. Almost from the very beginning of the Bond issue, the support of a bond issue regarded it not merely as another instrument of fund-raising, but as a highly indispensable medium for state financing, not only denoting the new powers of a self-governing people but marking the inseparable relationship of economic and political independence.

Although Herzl had clearly foreseen it as the keystone of the new State, the idea of a Bond issue in our own day has been considered revolutionary and impractical. David Ben-Gurion, Golda Myerson and Eliezer Kaplan viewed it as an indispensable necessity for self-reliance. But others, within Israel and many important leaders outside of Israel, particularly in the United States, were either afraid of it or simply against it. One man in the United States understood the Zionist significance of Israel Bonds and had the faith and vision to espouse and underwrite it with all his energy, zeal and tremendous capacity for sacrifice and self-sacrifice. Back in 1929, while on the staff of the "New Palestine," Henry Montor had the idea of a Bond issue to mark the 25th anniversary of the death of the founder of modern Zionism. Two of Herzl's greatest attributes left an indelible impression on the young Montor's mind—Herzl's capacity for the big concept of the grand dream.

### KAPLAN, MYERSON TRIED BANKERS

In February of 1949, Mr. Kaplan returned to the United States and at that time called on Henry Montor to "devise a plan for a financing organization for Israel" and to submit it to him. Later that spring, when Golda Myerson came to the United States on behalf of the United Jewish Appeal, she arranged a series of meetings with various Jewish bankers in New York to discuss the idea of an Israel Bond issue. All of them were discouraging in the extreme.

The bankers did not believe that the investing public would respond in any measurable degree. One distinguished banker, a Jew, estimated that it might be possible to sell \$10 million worth of Israel Bonds but such an "achievement" would be a harmful credit standing of the State. He estimated that it takes a 25 year history for a State to launch a successful Bond issue.

In May of 1949, a meeting was held at the premises of the Le-

vi is an accomplishment which can be attributed to a handful of people, who alone in the United States had the conviction that the Jews of America would respond with vision and greatness to a presentation of the Israel case that showed Israel as self-reliant, economically viable and faithful to her obligations. In the four years of the conduct of the Israel Bond campaign, some 700,000 individuals showed their faith in Israel Bonds by purchasing them. This result was accomplished through the voluntary efforts of tens of thousands of volunteers. The leadership of these volunteers was in the hands of several hundred men and women who gave enormous portions of their time, their energy and their faith.

Symbolizing this leadership were the Board of Directors of the American Financial and Development Corporation for Israel which assumed responsibility as underwriter for the Israel Bond issue. The Board of Directors comprises Rudolf G. Sonnborn, President of the Corporation; Julian H. Venzky, Chairman of the Executive Committee; Samuel Rothberg, National Chairman for the United States; and Henry Montor, Chief Executive Officer.

and his refusal to recognize obstacles or give up in the face of insurmountable opposition. Henry Montor had little use for existing traditions or the limited horizon of the acknowledged leadership of the Zionist movement. He often clashed with its leaders because he was impatient with routine approaches of a bond issue regarded it not merely as another instrument of fund-raising, but as a highly indispensable medium for state financing, not only denoting the new powers of a self-governing people but marking the inseparable relationship of economic and political independence.

Although Herzl had clearly foreseen it as the keystone of the new State, the idea of a Bond issue in our own day has been considered revolutionary and impractical. David Ben-Gurion, Golda Myerson and Eliezer Kaplan viewed it as an indispensable necessity for self-reliance. But others, within Israel and many important leaders outside of Israel, particularly in the United States, were either afraid of it or simply against it. One man in the United States understood the Zionist significance of Israel Bonds and had the faith and vision to espouse and underwrite it with all his energy, zeal and tremendous capacity for sacrifice and self-sacrifice. Back in 1929, while on the staff of the "New Palestine," Henry Montor had the idea of a Bond issue to mark the 25th anniversary of the death of the founder of modern Zionism. Two of Herzl's greatest attributes left an indelible impression on the young Montor's mind—Herzl's capacity for the big concept of the grand dream.

The matter was formally raised at a meeting in the home of Prime Minister Ben-Gurion in July 1949. Six other members of the Cabinet were in attendance. Cables had been received from the Jewish Agency and from the Joint Distribution Committee. Both strongly urged against the launching of an Israel Bond issue. Mrs. Myerson and Henry Montor, who were present at that meeting, recommended that the Bonds be issued. It was the view of other Cabinet members that it would be too risky an undertaking, considering the infancy of the State and the resistance that had been expected from the Zionist movement.

But the issue was not allowed



SAM ROTHBERG



HENRY MONTOR



Thousands of New Yorkers lined the streets on "Ben-Gurion Day" May 9, 1951, to welcome the Prime Minister as he came to the United States to launch the Israel Bond Drive.

to remain inactive. All the time that Henry Montor was directing the United Jewish Appeal, he was conscious of the need for opening new channels for the development of Israel. Early in January of 1950, for example, Mr. Morgenthau went to Israel at the invitation of Mr. Ben-Gurion to discuss various economic problems. Taking with him material on an Israel Bond issue, Morgenthau and Montor agreed that they would tell Mr. Ben-Gurion that it would be desirable to launch the Israel Bonds in the autumn of 1950. Their first suggestion was for an issue of \$500,000 on the theory that it would be preferable to have a sum that would be over-subscribed. But nothing came of these suggestions at that time.

What is important to keep in mind is that the unrelenting pressure for the launching of an Israel Bond issue came, over a period of years, from the United States and not vice versa. In July of 1950, Henry Montor was in Israel. The question of launching a Bond issue had already been substantially advanced. Following a speech made before a Mafap assembly in May

### WELFARE FUNDS' REJECTION

In August, 1950, preparatory to the Jerusalem Conference, leaders of the Council of Jewish Federations and Welfare Funds had been asked whether the Welfare Funds, up to that time the major instrument for raising funds among the Jewish communities of America, would be prepared to assume responsibility for the Bond issue. The answer was vigorously in the negative.

It was only when the bankers refused to provide the normal facilities of selling Bonds; only when the established Jewish communal units declined to accept the responsibility for this new enterprise on behalf of Israel that it obviously became necessary to establish a structure for the sale of Bonds. It started from nothing. A nationwide network of offices and technicians, of leaders and programmen had to be created. An intricate procedure required for securities, such as registration and the Securities and Exchange Commission's approval, and with its rigid rules; registration under the "blue sky" laws of the 48 States and frequent reporting to them; compliance with the regulations of the Justice Department and other Federal and State requirements—all of these things had to be done simultaneously by a group of people who had no



JULIAN H. VENZKY

to the notation of a Bond issue of a foreign country. As a former member of the Cabinet, Mr. Morgenthau felt that there was a special responsibility on him as an American citizen. Mr. Truman approved and urged him to go forward.

The first meeting of the Board of Governors of the new organization was held at the St. Regis Hotel, New York, on January 5, 1951.

The first formal authority given to Henry Montor in connection with the launching of the Israel Bond issue was a letter issued to him by the State over the signature of Eleanor

### LEADERS' AUTHORITY RE-AFFIRMED

The following year, some question had arisen in Israel and in the United States as to the authority exercised by Henry Montor in relation to the Bond issue. This became the occasion for another letter, dated December 2, 1951, in which Mr. Kaplan reaffirmed the authority, contained in the September 22, 1950 document. It stated:

"In asking you to assume direction of the Independence issue of the State of Israel Bonds, the Government was fully aware of the fact that the effective conduct of such a program required undivided responsibility. We are advising all our representatives that the only person in the United States authorized to issue statements of policy with respect to the Israel Bonds issue is yourself, subject always to consultation with me, myself. I want also to make it clear that any American, individual or organization, wishing to discuss questions affecting the Israel Bond issue in the United States may do so only through you."

There was one consistent pattern in the thinking of the Bond leaders from the very beginning of the enterprise. At no time was the Israel Government unaware of the fundamental philosophy of the Bond organization.

Kaplan under the date of September 22, 1950. It said:

"The Government of Israel is aware of and deeply appreciates the fact that you have achieved fame as an all-American football player. As he himself puts it, he was galvanized into action by the liberation of the concentration camps and the new opportunities for Jewish rescue and resettlement opened up by the end of World War II. When he addresses a meeting, not even his rough exterior can hide his deep emotional attachment to Israel. Venzky was an outstanding success in mobilizing communities for the U.S.A. As a result, he rose quickly in the leadership of the U.S.A. and served as Chairman of its National Campaign Committee until the end of 1950, when he joined in the task of inaugurating the first Bond issue. He made an outstanding contribution to the success of Israel Bonds in his capacity as Chairman of the Executive Committee."

One important factor must be emphasized in regard to the credo of Sonnborn, Rothberg, Venzky and Montor. Their paramount concern has been to advance the cause of Israel and to achieve this purpose by every form of sacrifice, even if that included the sacrifice of popularity or reputation. The only reward they have ever sought was the knowledge that their action would benefit the people of Israel, politically or economically.

### LEADERS' AUTHORITY RE-AFFIRMED

His critics have often described Montor as having a one-track mind. It is true that he has prevailed because he has been single-minded but that is quite different from being narrow-minded. He has, in fact, always taken a broad view of Israel and her needs. It should be pointed out that while discussions were going on with regard to the possibilities for launching a Bond issue in the United States, Montor was pushing Israel's case before the United Nations and their advisers to move forward with the grant-in-aid program.

Anyone interested in the record should not miss this additional service to Israel on the part of Henry Montor, who argued for immediate action on the primary basis of the need to feed the mind of the American public and knew that the U.S. Government would respond favorably. Ever since the United Jewish Appeal was established in 1939, Montor carried on a vigorous effort to prevent our isolation from the Jewish communities in the United States. This was part of the struggle which Mon-

tor and other Israel-minded leaders had to wage to obtain a fair share for the Jewish National Home out of the total funds raised for overseas aid and relief. It is a paradox that Israel, which by her appeal and dramatic impact drew so much to build up the strength of the Jewish Welfare Funds, should have found herself contented by a constant struggle to win her way against the conflicting local interests of the leaders of these welfare funds. That Henry Montor always found himself in the forefront of those Jewish forces in the United States who stood for the primacy of Israel was never allowed the receipts for Israel to be whittled down by any community without a fight. His forthright stance of the interests of Israel won him many friends, but also made enemies among many welfare fund leaders who were more than passing interest in the future of Israel.

### U.S. JEWRY'S TESTING PERIOD

ONE of the greatest testing periods for American Jewry's attachment to Israel came shortly after the end of World War II. As soon as the VE Day celebration was over, the United Jewish Appeal conceived a plan for a bold and dramatic program. He felt that the Jews of the United States were proud of their vast library of American and European literature. In 1935, he joined the New Palestine, a Jewish literary magazine edited by Meyer W. Weisgal. He served on the house organ for the Z.O.A. until 1930, and then as publicity director for the Keren Hayesod and subsequently the United Jewish Appeal. About seven years later, in 1937, he was named Executive Director of the U.S.A. At about the same time, he founded the Falcor News Agency to disseminate news about Jewish Palestine. This agency later merged with the Independent Jewish Press Service, which Montor ran for the next five years. He also helped organize the American Zionist Emergency Council and served as its director. In 1939, he was named Executive Vice-Chairman of the United Jewish Appeal.

Always ready for a new challenge, Montor was troubled by the symptoms of the strait-jacket of the welfare fund structure. The U.S.A. could not be utilized to fulfill any emergency or special needs of Jewish refugees or to local institutions. How was Israel to find a new and untested source of money? It occurred to Montor that statehood endowed the people of Israel with new tools of financing. He met the mountainous new economic needs of the country. And it was on this premise that the blueprint for the notation of the first Israel Bond issue was drawn.

To lay the groundwork for an effective Bond drive, one basic psychological hurdle had to be overcome: the identification of Israel with charity. How to overcome the universal conception of Israel as a collection of refugees, immigrants living in tents entirely dependent on philanthropy was the crucial public relations problem facing the U.S.A. The primary task was to bring about a radical change in the picture of Israel — to stress those aspects and facets of its life that would stimulate confidence in its economic future and present the people of

(Continued on next page)

### BONDS IN 'SPACE AND TIME'

Mr. Montor continued: "We have had to contend with two other factors: (3) communities did not adjust their campaign schedules to the emergence of a new channel of aid for Israel. Some major communities are campaigning later this year than ever before."

"(4) Finally, there is the ideological factor: this is the most serious of all; to overcome the idea that Israel is so drenched in philanthropy that its ability to assume major economic obligations cannot be taken seriously. This perhaps goes to the heart of the problem: can a community which is continually reminded of the primitive needs of newcomers to Israel be made to realize fully the economic maturity of Israel — at the very same time?"

Already in May of 1951, Henry Montor was giving his views of "time" as related to the sale of Bonds. He said in the presence of Mr. Ben-Gurion at that farewell meeting:

"Some well-intentioned and sincere people feel that the only gulf between Bonds and philanthropy is time. In other words, we do something in January or June, rather than in June or January, all problems will be liquidated. I believe that the problem has a different dimension: one of Space."

The question is: Can two seas occupy the same space? Israel insists that they can and must.

"As long as one is of the conscious or subconscious belief that Israel Bonds are merely a new device to extract philanthropic funds — then, obviously, there is a clash between philanthropic funds and Bonds. But the moment you give the people of Israel credit for integrity, for capacity to assume and meet obligations, then it is one idea in the same field, but two entirely different fields."

"Not so long ago, the Prime Minister said: 'If facts threaten our future, we must endeavor to change the facts.' The men and women who are mobilizing behind the Bond issue know all the facts that economists, bankers, communal workers and a miscellany of self-anointed prophets tried to describe as hurdles to the Bond issue."

Through what they have done for the Bond issue, these leaders have changed the so-called facts here and are helping to change the so-called facts in Israel.

And no group has done more than the leaders of the Bond Organization to help establish Israel and to buttress her sovereignty with true independence.

### FOUR DEVOTED LEADERS

IN this company, the four men in the cockpit of Bond affairs have achieved enviable records in generosity, leadership and devotion. Rudolf Sonnborn, tall, soft-spoken, had first seen Israel as a member of the Commission that went to Palestine under the leadership of Dr. Weismann in 1919. In his youth, Sonnborn's household was the center of Zionist intellectuals in Baltimore led by Henrietta Borsok. It was only natural that this life-long Zionist and outstanding civic and business leader should become the head of the American section of the Haganah, Chairman of the Administrative Council of the Zionist Organization of America, National Chairman of the United Jewish Appeal and finally President of the Israel Bond Organization. Just as he was in Bonds a natural and logical development of Israel into a country of self-sustaining citizens looking to stand on their own economic feet.

On November 5, 1950, Prime Minister Ben-Gurion called a 100 Henry Montor saying that now the decision had been made to launch the Bond issue, there must be "full steam ahead" and there should be no delays.

Henry Morgenthau, Jr. was invited in December of 1950 to become Chairman of the Board of Governors of the Israel Bond Organization. He went to Washington to inquire of President Truman how he felt about an activity of this kind in relation

were two young men who rose fast to leadership in the United Jewish Appeal through a credo of service.

No man in the United States has traveled more miles or addressed more meetings for Israel than Sam Rothberg, National Chairman for Bonds. But that was not his only claim to leadership. Rothberg believed that he could not sell others the formula of self-sacrificing giving to the U.S.A. without selling himself first. Accordingly, this tall, handsome bacteriologist turned successful businessman made contributions far beyond his capacity, and then went out to harangue and pressure Jewish communities and their leaders to follow his example. The combination of his generosity, sincerity and 24-hour devotion made his name a byword across the country. Thus the 1948 U.S.A. campaign not only produced a multiplied source of funds, but new and vital leadership.

In their early days in the U.S.A., Sam Rothberg and Julian Venzky often worked as a



New York's Mayor Robert F. Wagner (center) receives a plaque honoring his efforts for the Israel Bond Drive from Benjamin

Abrams (left), Greater New York Bond Chairman, Governor W. Averell Harriman (right) was a principal speaker at the dinner to the Mayor's honor.

Major Morgenthau, Jr. (left) is shown receiving a plaque "in tribute to his modern-day service in helping reassemble the scattered tribes of Israel" from Rudolf G. Sonnborn, President of the Israel Bond Organization. The presentation took place at a dinner in New York City honoring Mr. Morgenthau on his 60th birthday, and on his acceptance of the Chairmanship of the International Committee for State of Israel Bonds. The plaque is made of bronze and copper plate embossed with olive

branches and the 22 tribes.



# YEARS OF ISRAEL BONDS EFFORT

Israel in their true role as self-sustaining, independent men and women.

The one man who perhaps more than any other symbolized Israel's drive for self-reliance was David Ben-Gurion. His visit to the United States in May 1951, to launch the Israel Bond drive was arranged not only to dramatize Israel's progress towards real independence but to give the American people an opportunity to greet the first Prime Minister of Israel. The occasion of his visit brought forth a remarkably stirring popular demonstration of interest in the new State of Israel.

The launching of the Bond drive proved to be one of the most significant events for American Jewry in the United States for this occasion in addition to Mr. Ben-Gurion, were cabinet members Eliezer Kaplan, Dov Joseph, Golda Myerson, and Yisroel Gert. The formal launching of the drive took place on May 10, 1951 at Madison Square Garden in New York City at a "Mass Rally of the 48 States." More than two million New

Yorkers had greeted Ben-Gurion in his triumphal parade through the City.

Mr. Ben-Gurion visited Philadelphia, Baltimore, Washington, Boston, Pittsburgh, Chicago, Detroit, Cleveland and Los Angeles in order to participate in the launching of Israel Bond drives in these communities. Record crowds jubilantly greeted the Prime Minister everywhere. When his plane stopped briefly at the Tulsa, Oklahoma airport in the middle of the night en route to Los Angeles, the Prime Minister was pleasantly surprised to be greeted by more than 800 Tulsans who had come there at 3 a.m. to welcome and cheer Israel's leader.

Of equal significance as a symbol of Israel's new statehood were the two corvettes of the Israel Navy which came to the United States to participate in the activities associated with the opening weeks of the Israel Bond drive. Their presence highlighted the fact that Israel was a growing democracy and rekindled the heroic spirit that had been so greatly admired in the United States in the crucial months of 1948.

that Bonds would be sold every year for many years to come.

On January 8, 1954, Mr. Levi Eshkol, the Minister of Finance, introduced a Knesset bill to authorize the new Development Issue of Israel Bonds. In the course of his presentation, he paid tribute to the following people:

"To Henry Morgenthau, Jr., whom we wish to thank for his devotion and unceasing activities in behalf of the drive; and to Mr. Henry Monitor, the dynamic and living spirit of the enterprise. It was Henry Monitor who at one time lifted up the United States as a commercial instrument.

**BONDS AS COMMERCIAL INSTRUMENT**

U.S.A. in any one year. But even the 25 per cent provision was strongly objected to by the U.S.A. leadership, which argued vehemently that the dollar income of the U.S.A. would be wiped out. How wrong this view was can be seen from the figures today. Since May 1951, out of some \$1,000,000 of Israel Bonds sold, less than \$100,000 have been turned over to the U.S.A. It should be indicated, moreover, that many of these Bonds have been turned over to Welfare Funds at the urging of the latter, which wished to maintain the level of local collections.

(1) One of the gravest issues at the beginning of the question of the conveyance of Bonds to the United Jewish Appeal. There was a great fear on the part of U.S.A. leadership and some Welfare Funds that virtually all Bonds would be turned over promptly to the U.S.A. instead of cash contributions. It was clear that if the Israel Bond was to be a commercial instrument, the individual owner would have to have the right to dispose of it as he saw fit. The Israel Bond would have to have the same status as any other stock or bond that a contributor might wish to turn over to philanthropy. But thinking on this subject became so emotional that Mr. Eliezer Kaplan finally suggested that "moral suasion" be exercised: that although the Bond-holder had the right to turn over Bonds 100 per cent, he should be asked not to turn over more than 25 per cent of his holdings to the

Jewish Appeal and gave completely of himself to establish this new enterprise at a time when there were doubts for its success, yet he succeeded in establishing this glorious enterprise."

In the course of the debate, Dr. Fuerder, Progressive, talking of costs in selling Israel Bonds said: "The rate of interest plus operating expenses of the Bond drive amount to less than the interest rate the Government is forced to pay for its loans. The Bond drive is one of the most important means of help extend to Israel."

What happened between January 2, 1953, and one month later to change the relationship of four years?

There had, of course, been differences during the four-year period over methods, policies, procedures. These had always been resolved. It should be noted that in June, 1953, a delegation of Israel Bond leaders went to Israel and said to the Government: "The Independence Issue will be finished in May 1954. We cannot conscientiously recommend the continuation of the Bond Issue. We feel that we can no longer carry the burden of being charged with disturbing the harmony of the American community. There seems to be an inevitable conflict between Bonds and those in the local community who do not want Bonds sold under any circumstances. The strain is too great for all concerned. Secondly, we feel that the cost of the Bond campaign is inevitably high and we cannot encourage the Israel Government to bear it. Therefore, we urge the discontinuation of Israel Bond leadership."

These statements were made among others to the Israel Prime Minister and Finance Minister. "This position essentially was: 'We, too, regret lack of harmony in the American community. We have tried often. We have failed. You have failed. But

on January 25-30, 1953. The aim was to make clear to all the world that as an all-year round campaign was to be conducted and that sales were to be launched immediately. No objection to that course, although it was vigorously resented, came from any direction. A member of the Israel Government was in attendance. The Prime Minister of Israel sent a stirring message to that conference.

The Bond leadership had been going on the knowledge that American Jewry in 1953 is estimated to have two and a half times the wealth it did in 1948. Nevertheless, the income for Israel was declining — both quantitatively and qualitatively. This incongruity seemed to them to call for more energetic action, not least.

The leaders of the Bond organization met with the Israel Finance Minister in Jerusalem on November 27, 1954. They met again with the Finance Minister in New York on December 30, 1954. The entire relationship between the American Financial and Development Corporation for Israel and the Israel Government was thoroughly reviewed and all programmes of action carefully defined.

That the Israel Government was gratified by the results and the conduct of the 1954 Bond-selling campaign was reflected in a cable sent by Mr. Eshkol on January 2, 1955, to Henry Monitor. It read "cordial congratulations and wishes on sale Development Bonds last month. Record success only 1 time previously. We are all proud of this success. Accept sincere appreciation of Israel Government for your inspired leadership in making this possible. We look forward to your continued devotion and usual unflinching efforts in helping Israel reach economic independence."



The commanding officers of the two Israel Navy ships which came to the U.S. to participate in the launching of the Israel Bond Drive present an assignment to Dr. Israel Goldstein, Chairman of the Executive Committee of the New York Israel Bond Drive.



United Jewish Appeal and Israel Bond leaders conferred with Prime Minister David Ben-Gurion in Jerusalem in October, 1953, and pledged their full support for the new Development Issue of Israel Bonds. Shown (left to right) are Morris Bernstein, UJA National Campaign Chairman; Samuel Rothberg, Israel Bond National Chairman; Mr. Ben-Gurion; Henry Monitor, Bond Chief Executive Officer; Edward M. M. Warburg, UJA General Chairman; Julian B. Vanecko, Bond Executive Committee Chairman, and Dr. Joseph Schwartz, UJA Executive Vice-Chairman.

It is certainly no reason to discontinue the Bond campaign. You must weigh whether the discomfort to you resulting from the tension of leading the campaign is more important than the harm which would be done to Israel if this source of funds were dried up. As to cost, we, too, would like to see a reduction. It is we who must answer to the people of Israel for the cost. But, taking into account interest and cost of running the operation, the long-term money we get is still the cheapest money yet in Israel. You must let us worry about the cost."

It was in response to these pleas that the leaders of the American Financial and Development Corporation for Israel undertook, reluctantly, to plan the conduct of the new Development Issue in 1954. They said, however, that if they were to carry this heavy responsibility they must have the authority to run the campaign in their way. After months and months of the most detailed discussion, the Underwriting Agreement under which the A.F.D.C.I. was authorized by the Israel Government to function was altered. A new clause was added, in order to induce the Bond organization to accept the responsibility of selling Bonds. That clause read:

"The Corporation shall have sole and exclusive authority to determine the methods of sale and the conduct of its sales campaign and sales activities and the times and places at which sales are to be made and sales campaigns and sales activities are to be conducted."

Thus, under an agreement which had the sanction of the Knesset of the State of Israel, the Bond leadership was authorized to proceed in accordance with its own best judgment.

It was with the full approval of the Israel Government that the Bond organization undertook to expand the sales of the new Bond issue to foreign countries other than Canada, the United States and some Latin American countries. The campaign in Holland and Switzerland were outstandingly productive. Everywhere in Mexico, Uruguay, Venezuela, Cuba, Peru and Belgium, Jewish communities responded with uniform understanding and participation. Thus the concept of investment in Israel was firmly entrenched not only in the United States but

in almost every corner of the Western world. Again, this project was not only serving the immediate need of mobilizing additional financial resources but of solidifying Israel's political and economic relations with sister democracies around the globe.

**THERE** has been widespread misunderstanding of the nature and function of the American Financial and Development Corporation for Israel. There is a mistaken notion in some quarters that A.F.D.C.I. is an instrument of the Israel Government. It is not. Any corporation which

in saying that unless we are prepared to push and pressure harder than most Welfare Funds consider desirable, we will not be able to provide you with a substantial sum of money before September of this year, the earliest. It is for you to guide us.

"It is clear that any vigorous campaign in connection with the launching of the Development Issue will set us a howl that will be heard from New York to Los Angeles, and will be reflected in innumerable cables which will flood your office. I would be very sorry but I see word from you that you are very early in the game, since I shall have your guidance in the very early problem I have set forth."

That letter is interesting from several points of view. First, it indicates that the American organization was never defiant of the wishes of the Finance Minister but, on the contrary, continuously sought his guidance for action. It is also noteworthy that the Israel Bond organization was not overruled in the plans on which it was operating.

**SOME** time next month, shortly after the fourth anniversary of the launching of the massive effort known as Israel Bonds, Rudolf Bernstein, Samuel Rothberg, Julian Vanecko and Henry Monitor will lay down the mantle of leadership they have borne for so many years with honour, courage and signal success. They will do so with great sorrow and reluctance. Their stepping down is not merely an event of major importance as far as the future of Israel Bonds is concerned, but it is vitally bound up with the entire future of Israel's position in the United States and especially in the Jewish community.

The devotion of these men to the State of Israel is so great that there can be no question of a separation or estrangement. Their record of service is the best evidence of their unquestioned dedication to the ideal of a free Israel. It will be up to the Government and people of Israel to find the means of harnessing their vision and their power. There can be no doubt that when the summons comes they will be ready to give without limit of their resources and their energies for the realization of any constructive goal that is set before them.

In the meantime, proper note should be taken of the occasion of the celebration of Israel's seventh anniversary, which has been outstandingly successful. The distinguished personalities who have made it a landmark of achievement and development of the State of Israel. They can never forget that it is Israel that the people of Israel will not soon forget them. They have never asked for more than the opportunity to serve in what they regard as the greatest enterprise in modern Jewish history.

All the Israel development photos in this supplement are by the Jerusalem photographer Shimon Tami, A.P.S.A.

## PICTURE OF GROWING INDUSTRY

In an intensive public relations programme conducted on a national scale, the Israel Bond organization sought to bring to the American public the picture of Israel's growing industry, her expanding agricultural output, and her developing natural resources. The conception of Israel as a producing nation was a new one to the American public. But it was essential that this be realized if Israel were to be understood in a true light, and if the role of Jewry were to be grasped in full perspective.

One of the outstanding measures taken in this direction was the establishment of the Israel Exposition, which opened its doors to Radio City in New York in the summer of 1952. This Exposition, which was viewed by many hundreds of thousands of persons during the year that it was open, brought to the American public for the first time inspiring evidence of Israel's historic achievements in the fields of industry and agriculture. The Exposition hall was thronged daily with those who came to view the products of Israel's light and heavy industries, the output of her skilled artisans and craftsmen. In 1953, similar exhibitions were staged in other cities, small displays of the products of Israel were arranged in department stores and elsewhere.

**THE** Bond Organization was not only confronted with the problem of establishing the economic potentialities of Israel. It had the equally challenging job of convincing American Jewry that Israel deserved its confidence as well as sympathy, that contributions based on tax deductions had to be paralleled by investments out of capital and savings.

A new terminology dealing with securities was soon introduced into the Jewish communities of America. It was this terminology, which gradually registered upon the consciousness of the general public that a new relationship with the people of Israel was being created.

Without disparaging the importance of philanthropic funds necessary for immigration and relief, the leaders of Israel, particularly Ben-Gurion and Golda Myerson, characterized the Bond Issue as the one vital channel for bringing the country to a level of economic viability. Endless dependence on charity would debase the people of Israel, they argued. Furthermore, they emphasized the fact that Israel could profitably use investment dollars and that the people of Israel could be prepared to make any sacrifice to pay back the loan received through the Bonds as a means of achieving a foundation of economic freedom.



The Minister of Trade and Industry, Mr. Peretz Bernstein, being shown around the Israel Exposition sponsored by the Bonds organization in New York. Below is the impressive entrance of the Exposition which was in the heart of the business section.



Below: Preparing the great open show from the last of right behind him. The ingenious roller system prepared the slides of the annual for the buyer of concrete.

**PESSIMISTIC PREDICTIONS UNJUSTIFIED**

It is interesting to note, a year after May, 1954, that none of the predictions of the Israel press and economists was justified in the slightest. Israel Bonds, Independence Issue, converted form registered in Israel Bonds total less than \$1,800,000. Moreover, approximately half of this amount was converted not for purposes of sale but to be held on advice of accountants and lawyers in bearer form. It is a very thin market, and whatever few Bonds have been sold have been fetching prices in the '80s, a remarkable record indeed compared with that of any other country. Once again it demonstrated the Bond leadership's knowledge of the American community.

Early in 1953, public discussion might have created the impression that because of adverse activities by the Bond organization did hostility to Bonds spring up among Welfare Funds in the United States. The fact is that when Mr. Ben-Gurion, the first Prime Minister of Israel to visit America in 2,000 years was hailed wildly by the entire American community in May, 1953, the absence of Welfare and United Jewish Appeal leaders from the 1953 Bond-selling campaign was notorious. That was because a single Bond was sold,

before any \$100 may have been sold to have been created. It was the judgment of Welfare Funds that Israel Bonds were none of their concern — whether the Prime Minister of Israel or any local leader tried to sell them.

As of January 28, 1955, the State of Israel had received more dollar income from Israel Bonds than from any other single source since May, 1951. The hostility of the Welfare Funds to Israel Bonds was mounting, because the Bond income was rising and not falling, while Welfare Fund income and allocations to the United Jewish Appeal were declining. The need for a scapegoat to deflect attention from this situation was urgent.

The antagonism of the Jewish Agency to the Bond programme was also increasing because the Jewish Agency relied for its existence on United Jewish Appeal income. That income had been going downwards steadily: from \$140m. in 1949 to \$60m. in 1953 to \$40m. in 1954.

The Bond organization leadership, recognizing the urgent need of Israel for dollars and pressed by the demand of the Finance Minister that the sum of \$40m. be made available through Bonds in 1954, launched immediately in January on the 1954 Bond-selling campaign. Thus, an international conference was called at Miami Fla.,

**CHANGING JEWRY'S ATTITUDE**

**THE** effort of the Bond leaders to change the viewpoint of men and women in the United States who for decades had been educated to practice philanthropy as the highest form a service to Israel, involved a radical departure. But the results of the past four years have vindicated handsomely the position of the founders of the Bond campaign. It is well to remember that the Government of Israel has repeatedly stated that not only the large resources made available through Bonds, but the invaluable public relations achievement in raising the stature of Israel, have amply justified this new and now international programme for mobilizing long-term capital for Israel's economic growth.

No man can rise to the heights of public recognition with the enthusiastic approval of those who disagree with his programme. Mr. Monitor has not been the exception to prove the rule. However, it is generally agreed that he has been one of the greatest assets for Israel in the United States because of his unflinching talent for knowing and understanding the American mind, particularly the American Jewish mind.

It was Monitor's instinct that the time was ripe to rekindle the mass spirit and revive the deep and intense mass feeling for Israel among the Jews of America. The first step in this approach was the parade for Prime Minister Ben-Gurion. The tremendous turn-out proved to him that he was right, and thereafter in every city of any size, huge meetings in the largest assembly halls and arenas available were set up for Israel and for the development of the proper public response to the Israel Bond campaign.

There followed the widest mass demonstrations of support for Israel ever organized on a nation-wide basis in the United States. The mass rallies which filled the Hollywood Bowl, Madison Square Garden, the Chicago Stadium and, Ebbets Field, not only served to catapult the Israel Bond campaign into the public eye with dynamic effect, but were equally powerful as political manifestations for Israel.

One of the most interesting factors in the development of this mass approach was the revival of religious and traditional celebrations. Under the banner of Israel Bonds, impressive and highly artistic festivals were staged in New York and elsewhere to commemorate the Fu-

Jack L. Warner (left), executive producer of Warner Bros., is congratulated by Norman Louis, Israel film producer, on his acceptance of the chairmanship of the Hollywood campaign for the Israel Government's Development Bonds. Harry M. Warner (right), President of Warner, will serve as a trustee of the bond drive, which he first began purchasing.



## Water Plan Basis of Independence

By NIMRA BLASS  
Director-General, Water Planning  
Authority ("TAMAR")

Irrigation was not common in ancient Palestine, where the substantial flows of water, and large stretches of level land that exist in Egypt or Mesopotamia were wanting. Such areas as were under irrigation were small and did not merit the concern of the central administration. For this reason indeed even the available water resources were neglected and never developed into an economic factor of any importance.

Dry land farming was the predominant type of agriculture here in Palestine when Jewish settlement was launched. The utilization of water resources was very limited. Within a comparatively short time, however, the advantages of irrigation became evident, and by the turn of the century, wells had been sunk and were operated by small oil burning piston engines. The development of electric power constituted a major factor in the expansion of irrigation.

Irrigation expanded to a more ambitious scale following the acquisition of the Beitisan and Hula Valley lands, though efforts in this direction had been made previously in the Jordan and Hared Valleys.

THERE were 230,000 dunams under irrigation here in 1948 but this year, the total area will not fall short of one million dunams. The water utilized for all farm, industrial and domestic purposes will aggregate 900m. cubic metres.

In the course of the next eight to ten years, this volume may be expected to increase annually by 100 million cubic metres until a total of 1,800m. cubic metres is reached. It will irrigate three million dunams and meet the industrial and domestic consumption of a population totalling three million. Experts have estimated that one dunam is required to produce the necessary foodstuffs, or equivalent exports for every person. Thus Israel will be self-sufficient within eight to ten years, if we prove successful in executing our water and settlement plans.

**Water Projects**  
Water development policy is governed by two contradictory considerations. On the one hand, economic efficiency requires the development of the cheapest water resources; on the other, the aspiration to secure the widest possible distribution of population makes it necessary to supply water to new centres.

The first phase of the national water plan, involving exploitation of underground sources along the Coastal Plain and of part of the surface flow of springs and streams to irrigate the immediate vicinity, has been the principal concern of Israel's water planners since 1949. A beginning has also been made to lead water to more distant and higher-lying areas. Water resources developed in these years have made it possible to irrigate an additional 700,000 dunams.

Five projects, which are in effect links in the national master plan, will be undertaken in the second phase: 1. reclamation of the Hula marshes and the utilization of the Dan River to irrigate the Hula Valley; 2. the provision of additional water from Lake Kinneret for further agricultural development in the Jordan Valley and particularly in the Beitisan area; 3. the Western Galilee-Jezreel Valley project envisaging the exploitation of diverse sources of water including springs, floodwaters, underground sources and the sewage effluent of Haifa and environs (after purification); 4. the first stage of the project which will pipe water from the Yarkon to the South and the Negev; and 5. the second stage of the Yarkon-Negev project which will pipe water from the Yarkon and the sewage effluent of Tel Aviv and district (after purification) to the Negev.

This second phase will provide agriculture with an additional 500m. cubic metres of water annually. It will be completed over a period of four to six years, and some of the projects it involves will commence operation this summer.

The third phase covers the national master plan proper. At this stage, the flow of the Jordan River and floodwaters in most parts of the country will be harnessed for irrigation purposes. A major feature of this plan, of course, is the main conduit leading from the Jordan to the Negev. A complex of reservoirs which is an essential part of this scheme will conserve the surplus of the winter rains or of years of bountiful rainfall for drier seasons. The first link in the main conduit will be a concrete channel from Gasher Buta Ya'acov to the Beit Natufa Reservoir. From there, a 108" pipe will be laid to Faluja. (Two tunnels, two and seven kilometres in length respectively, will lead it under the Mountains of Ephraim) where a pumping station is to be constructed. It will distribute the water along feeder pipes, 66" in diameter, to various parts of the Northern Negev.

The main reservoir in the Beit Natufa Valley will hold 250m. cubic metres in the first stage. A southern reservoir will be constructed in Nahal Shorok (Wadi Barak) to conserve 50m. cubic metres. A series of reservoirs into which the stream flow will be dammed is to be constructed in the coastal area. The dams will also serve to regulate harmful floodwaters during the rainy season, channelling them into the main conduit. The portion that percolates into the soil will not be lost as it will augment ground water resources.

The total volume of 1,800m. cubic metres which it is computed these various schemes will

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Laying the open concrete channel which will bring water from the Jordan into the Beit Natufa reservoir, from where pipes will take it to the Negev.

provide must not, however, be regarded as an ultimate goal of water development in this country. Rather, it should be envisaged as an interim objective to be achieved in the next eight to ten years.

### Price of Water

Prior to the establishment of the State of Israel water works, largely developed on a local basis, presented few difficulties. To present a more comprehensive picture of water development today, these schemes must be assessed in terms of current price levels. The figures which follow constitute a preliminary estimate of the capital invested in water development. They do not include the local distribution network in the fields or in the cities.

|  | Annual volume of water supplied (m. cubic metres) | Investment (IL m. at 1953 price levels) |
|--|---|---|
| a. Water projects developed prior to 1948  | 300   | 50 (approx.)                            |
| b. Water projects to be constructed in the first phase (up to and including completion)                    | 570   | 100                                     |
| c. Water projects to be constructed in the second phase (after branch schemes of the national master plan) | 500   | 120                                     |
| d. Third phase — national master plan  | 500   | 350                                     |
|  | 1,800   | 620                                     |

Volume of water available in 1953 and investment according to 1953 price levels. Water resources to be developed and funds to be invested in the course of eight to ten years.

The cost of water supplied by each of the various water works will differ in keeping with the conditions of operation of each. Taking into account capital invested in each of the projects, there may be considerable disparity in the costs of the cheapest and the most expensive project. Costs of the latter may be as much as ten times as high as those of the former. State intervention may prove necessary to even out these differences.

Taking into account interest charges of three per cent and normal depreciation and maintenance costs will cost an average of 35-40 piastres per cubic metre. If we use the average wage of a standard of measurement, current daily earnings (IL3-5) will purchase 100 cubic metres of water. Prior to the World War, when the average daily wage was 300-400 mils this would have meant a water rate of 3 mils per cubic metre, a figure which was in fact accepted as reasonable in most parts of the country.

### Law and Authority

SUCH a vast water project cannot be developed in this country without suitable legislation. Indeed, a public committee has been at work for the past two years drafting a water law, and its recommendations are now being considered by the Government. The fundamental assumption

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## Transport Reflects Cultural Standards

Key not standing firm and rooted, Briskly venture, briskly roam! (Goethe)

IT is said that the way people live depends on the transport they can use, and the cultural standard of a people can almost always be measured by its means of communication. The higher the standard of a community, the more and better are its roads, for transportation is the life blood of modern civilization and is one of the principal means by which the resources of the nation are developed and the products of its economic system utilized. Transportation, today affects almost every phase of the nation's economic life. It is only natural, therefore, that concurrently with the development of our agriculture and industry, due attention should also be given to roads and communication.

Most of our settlements built their connection with the outside world heavily towards their construction even where these roads formed part of the country's trunk system. In a part of a highly organized and well run road transport system covered the whole country from Dan to Beersheba, leaving no single settlement, no matter how small or how remote, without transport of some kind, and without a proper link with the rest of the community. It is only after 1948, however, that the development of our transport assumed its proper proportions and began to be based on a national scale, embracing roads, rails, shipping and aviation.

### Roads Widened

From 1949 to the end of 1952 we spent over IL27m on new roads, in addition to IL10m on road maintenance. A total of 27 millions in all. The kilometrage of our highways and feeder roads has increased from 1,515 kms. to 4,490 kms., a part from roads built and maintained out of local authority funds. We were busy widening and improving our old roads, and of the new ones special mention should be made of the 51 kms. stretch of road from Kfar Jeruhim to Sodom, a masterpiece of road engineering. At the opening of this road, our then Prime Minister, Mr. David Ben-Gurion, proudly proclaimed it as being unique of its kind — the only road in the world running 400 metres below sea level.

The construction of this road, as well as the opening of the road to Eilat, remind us indeed of the prophetic words of Isaiah: Prepare ye the way of the Lord. Make straight a high way for your God in the Arabah. Every valley shall be raised up, every mountain and hill made low.

The crooked shall become straight and the rough places plain. The number of our buses has risen from 850 at the end of 1948 to 1850 today. Our commercial vehicles — trucks, tenders, etc. have grown from 6,600 to 18,945 during the same period while the total number of motor vehicles in the country has reached a total of over 48,000, as against 14,680 in 1949.

At the same time we managed to establish a steady and ever growing spare parts industry producing today two million dollars' worth of spare parts, — almost 40 per cent of our total requirements under this heading. Mention should also be made of the large Kaiser-Frazer assembly plant and our two tire factories with an annual output of some 120,000 tires and over 100,000 tubes of all sizes.

THERE are many milestones in the history of our transport development, but the lack of a properly laid out and efficient railroad was felt throughout. The Palestine Railways were built by the late Lord Allenby during the first world war for military purposes, without regard to the needs of the civilian population. It was unsuitably located, and constructed and equipped with old and unsuitable material.

The railroad still provides the most economical form of transport for heavy goods. When large citrus crops have to be conveyed to the ports, the sea only be done by rail, for road transport is uncertain, inadequate and too expensive. For travel, railways are quicker, more convenient and less fatiguing. Modern railway carriages can run so smoothly that one could

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read and write comfortably. The life of the railway engine and carriages are far longer than those of lorries or buses, and amortisation and maintenance of the railroad is much more economical than that of the highway.

Railways still constitute the backbone of inland transport facilities throughout the world. Even in a country like America with its wonderful roads and highly developed road transport and whose highways were able to operate on more favourable terms than the railways, the railways still account for almost 70% of all passenger traffic and 90% of freight traffic. Despite vast Federal expenditure on the development of other forms of transport, the railways in the U.S.A. carried the load when war came — 97% of all organized wartime troop movements, and 80% of all military freight traffic were carried by rail.

Bearing in mind that a rapid, cheap and efficient railway can confer great benefit on all members of the community, serve as an incentive to the establishment of new industries, help in the development of the Negev and be of service to our export trade, we started to replan, rebuild, extend and re-equip our railways, so that they may become an efficient instrument and an important regulating factor in the economy of the country.

It is hoped that the habits of our people may gradually change and that we may soon have a "railway minded" instead of a "road-minded" community. With this purpose in view, we may in the not distant future seriously consider the possibility of extending the line to Tiberias and the Jordan Valley, in addition to the line in the Negev which should reach Beersheba by the end of this year and then extend to Kurnub.

### Negev Line

Last year our railways carried 500,000 tons of freight and over three million long distance passengers. With the completion of the line to the Negev and the arrival of the new equipment ordered, these figures should easily be doubled.



Laying the rails for the new Hadera-Natanya railway link.

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## KEREN HAYESOD (United Israel Appeal)

WITH the establishment of the State the tasks of Keren Hayesod, the Jewish Foundation Fund, have grown greatly, especially in the two central areas in the life of the State: Immigration and Settlement.

From the very beginning of the mass immigration that started with the State's establishment, Keren Hayesod, as the central financial instrument of the Zionist Movement, assumed the vital task of absorbing the immigrants and of providing employment and housing for them. Settlement on the land, corner stone of our national renaissance, was greatly broadened with the influx of many hundred thousand immigrants.

In the period from the establishment of the State to February 1953, the investments of the Jewish Agency and of the Keren Hayesod totalled 410 million Israeli Pounds, of which 80% were earmarked for immigration and 20% for absorption of immigrants. These two figures are sufficient to give an inkling of the share of the Zionist Movement in the building and strengthening of the State.

The income of the Keren Hayesod for the greatest part by far is derived from the Jewish people in the four corners of the globe. Keren Hayesod has succeeded in the 35 years of its existence to mobilize great numbers of the Jewish people in behalf of its activities and projects. In recent years Keren Hayesod has become, under its new and additional name, "United Israel Appeal" a vital institution in the life of Jewry the world over.

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